صكذا من الاجل

France	FFr7.00	Lux	LFr50	Sweden	SKr10
Germany	DM2.20	Malaysia	Rin4.25	Switz	SFr2.40
Greece	Dr120	Morocco	Dh6.00	Thailand	Bt50
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.800
Iceland	Ikr125	Nigeria	Naira18	Turkey	L800
India	Rup15	Norway	Nkr10.00	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

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World News

Washington offers Iran cash for jet victims

The US has offered up to $250,000 compensation for each of the 290 passengers and crew killed when the US warship Vincennes shot down an Iranian Airbus in the Gulf last year.

Gandhi-Bhutto clash
Rajiv Gandhi, India's Prime Minister claimed Pakistan's nuclear programme is not under the control of Benazir Bhutto, the country's Prime Minister. Page 18

Soviet sub fault
Soviet Defence Minister Dmitry Yazov said a reactor fault forced a Soviet submarine to surface in the Barents Sea but denied Norwegian reports that there had been a fire on board. Page 2

B-2 Stealth flight
The US B-2 Stealth bomber, facing a barrage of criticism in Congress because of its high cost, flew for the first time following its $23bn development. Page 3

Austrian EC bid
Austria formally applied to join the European Community, saying its neutrality was no obstacle to political and economic union. Page 2

Gulf War abuse
Iran and Iraq marked the first anniversary of Iran's acceptance of a ceasefire in the Gulf War with a fresh exchange of abuse. Page 4

Afghan violence fear
There are fears of an impending bloodbath between rival Afghan resistance groups after the massacre of 30 moderates. Page 4

Vatican-Polish ties
The Vatican announced it had established diplomatic relations with Warsaw for the first time since the communists took over Poland in 1944.

China denounces G7
China denounced the seven leading industrialised nations (G7) for "gross interference" in calling on Chinese authorities to stop their crackdown on pro-democracy protesters. Page 4

Czech blacklist
Czechoslovak authorities are blacklisting leading artistic performers who were among more than 7,000 people who supported a petition calling for civil rights and religious freedoms.

S Africa killings
Twenty people were killed in clashes between rival black groups in South Africa's Natal province.

S Korean charge
South Korea formally charged opposition member of parliament Suh Kyung-won with spying for the communist North, an offence carrying a maximum sentence of death. Page 4

Typhoon nears HK
Typhoon Gordon swept toward Hong Kong after killing at least 23 people and leaving thousands homeless in the Philippines. Page 4

IRA suspects held
French counter-intelligence agents have arrested three suspected members of the Irish Republican Army near the West German border.

Business Summary

US supports Hughes bid for $150m satellite deal

Carla Hills, US Special Trade Representative, has backed a bid by Hughes, California-based satellite maker and General Motors subsidiary, to win a $150m communications satellite contract from Brazil. Page 5

BRITISH Rail, UK state railway, is near to settling a five-week pay dispute with its unions. Page 18

ARGENTINA'S Government is to sign a price freeze agreement with representatives of about 300 large companies, in an attempt to halt hyper-inflation. Page 3

EUROPEAN Community has suffered a deterioration in its trade surplus in telecommunications products. Page 5

CHASE Manhattan and J.P. Morgan, US banks, suffered substantial falls in profits in second quarter, while Security Pacific and First Chicago showed gains. Page 22

BANK of China has been forced to scale down development plans in its Hong Kong branch following the crushing of the pro-democracy movement in China. Page 24

LORD King, chairman of British Airways, UK flag carrier, defended his 116.6 per cent increase in salary to shareholders. Page 19

GREAT Western Financial Corporation, holding company of a California-based savings and loan, is issuing a $200m variable rate note for placement in Asia. Page 25

HESSE state government, of West Germany, is selling its 50 per cent stake in Hessische Landesbank to savings banks for $278.5m. Page 23

WANG, US minicomputer manufacturer, is facing an uncertain future with serious problems in technology, finance and morale. Page 22

VIDEOTRON, Canadian cable TV operation, has identified "European investors" who will buy part of its 90 per cent interest in Southampton Cable of the UK. Page 22

US Transportation Department and a Congressional committee are looking into sales of stock in US airlines to foreign carriers. Page 5

RAND Mines of South Africa said higher costs and lower production led to a loss of $7.7m in its four operating gold mines. Page 23

TURKISH tourism is floundering due to a lack of demand for accommodation in holiday resorts. Page 5

ALUMINUM Company of America, world's largest aluminium producer, reported an increase in second quarter profits. Page 22

ISRAELI economic difficulties have worsened unemployment, which has reached 9 per cent of the workforce. Page 4

NCR, US computer maker, reported a small decline in second quarter income. Page 22

GREEK foreign exchange earnings dropped 30 per cent in first six months of 1989 following an import surge. Page 2

GENERAL Electric, US industrial, broadcasting and financial services conglomerate, reported strong earnings and revenues. Page 22

GIROBANK, UK Post Office's banking subsidiary in the process of being acquired by the Alliance and Leicester building society, has suffered an 8 per cent fall in profits. Page 6

LAWS International Holdings, Bermuda registered holding company for the Hong Kong-based Laws Fashion Knitters, reported a 38.7 per cent drop in profits. Page 23

Bush backs moves to closer European integration

By Peter Riddell, US Editor, in Leiden

A STRONGER and more united Europe is good for the US, President George Bush argued yesterday in his most specific endorsement to date of moves towards closer European political and economic integration.

Speaking in Leiden during the first visit to the Netherlands by a US President, Mr Bush highlighted the shift in US attitudes towards Europe.

This has been reflected both in positive support for the creation of the single European market in 1992 and in the decision at last weekend's seven nation summit in Paris to give the European Commission responsibility for co-ordinating western assistance for reform in Eastern Europe.

Mr Bush argued that the moves towards unity were "a natural evolution within the alliance – the product of true partnership."

Arguing that the trend towards closer co-operation was not limited to collective security alone, he said that "no nation could prosper in economic isolation.

"That is why we look forward to the single European market and a more integrated European Community."

The link between EC integration and Eastern Europe was discussed yesterday by Mr Bush and Mr Ruud Lubbers, the Dutch Prime Minister.

Mr Bush said the Paris summit brought the industrialised world "closer to a more co-ordinated and common approach across a wide spectrum of critical global issues. The key is concerted action."

He gave the examples of the environment, Third World debt and Eastern Europe.

Mr Bush was warmly received by several thousand people in both Leiden, where his speech was preceded by a Bach cantata, and The Hague.

He ends his 10 day European tour today and flies back to Washington.

After his two successful visits to Europe this summer, which have enhanced his international reputation, Mr Bush's focus will shift to a possible summit with Mr Mikhail Gorbachev, the Soviet leader, either this winter or next spring.

Speaking in the 12th century Pieterskerk, a former church, in the city where the Pilgrims left in the Mayflower for America, Mr Bush drew a parallel between their quest and that of current reformers in Eastern Europe. He talked of "a widening circle of freedom."

"At the shipyards of Gdansk, and at the statue of the great Hungarian hero Kossuth, tens of thousands of people filled the streets – new voices, full of new hope.

"Theirs were the faces of Pilgrims on a journey – fixed on

Continued on Page 18

Looking for Aunt Abigail, Page 2; Sea change for alliance, Page 18

Paribas likely to link with Goldsmith in BAT bid

By George Graham in Paris, John Wyles in Rome and Nick Bunker in London

HOYLAKE, the investment vehicle led by Sir James Goldsmith, expects within the next 48 hours to announce the names of additional backers for its £13bn ($20.9bn) takeover bid for BAT Industries, almost certainly including Banque Paribas, the French investment bank.

After two days of frantic speculation in London and Paris, Paribas disclosed late yesterday that it was holding "very advanced discussions" with Sir James about taking an equity investment in Bermuda-based Hoylake.

Neither Paribas nor Hoylake were prepared to comment further beyond saying that an announcement was expected within two days. But Parisian bankers close to Paribas said they expected it to contribute about £50m to Hoylake's equity.

Talks between Sir James and Paribas executives appear to have been under way for some time. It is understood that last Tuesday, when Hoylake unveiled the bid for BAT, the tobacco-based multinational, analysts at the Paribas London securities subsidiary, Banque Paribas Capital Markets, were instructed not to discuss it with outsiders. This was because of a potential involvement by the institution.

Paribas has had banking relationships with Sir James in the past, especially in the US.

It is also thought that Pargesa, the Swiss-based investment group led by Mr Gerard Eskenazi, has struck a deal with Sir James which will give it an equity stake in Hoylake. Pargesa itself is 14.5 per cent owned by Paribas, a former state-owned bank which was privatised in 1987.

So far, Hoylake's current shareholders, including companies run by Sir James, Mr Jacob Rothschild, the merchant banker, and Mr Kerry Packer, the Australian investor, have committed £62m of equity capital to Hoylake, but last week they said that they had also agreed in principle to subscribe up to another £810m.

Speculation continued to focus yesterday on the possibility that Italy's Agnelli family might join Paribas and Pargesa as an equity investor in Hoylake, or as a buyer of some of BAT's businesses.

Editorial comment, Page 16; markets, Section II

Soviet industrial strife spreads as death toll mounts in ethnic riots

By Quentin Peel in Moscow

THE Soviet miners' strike spread yesterday from Siberia to the Donets coalfield in the Ukraine, the biggest coal mining area in the country, in a sharp escalation of the most serious industrial unrest since Mr Mikhail Gorbachev came to power.

Meanwhile in the strife-torn region of Abkhazia, in Soviet Georgia, mobs attacked police stations seizing up to 80 submachine guns and 100 pistols, Mr Vadim Bakatin, the Minister of the Interior, announced yesterday.

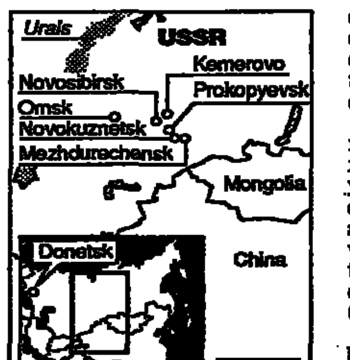
He revealed grim new details about ethnic riots in Abkhazia which have left 14 dead and more than 120 in hospital over the weekend.

Mr Bakatin said Soviet holidaymakers had been stranded in their trains, and aircraft denied servicing at the Black Sea resort of Sukhumi, as Abkhazian and Georgian mobs set on one another.

The latest race riots have been sparked by the establishment of a Georgian-language department of Tbilisi university in Sukhumi, capital of Abkhazia, whose ethnic minority population wants greater autonomy.

Georgians in turn are demanding greater autonomy from the rest of the Soviet Union and Georgian nationalist leaders suspect that the Abkhazian unrest has been deliberately provoked to counter their own demands.

Meanwhile, state television reported last night that miners in the mining centre of Makeyevka, next to Donetsk, the regional capital, had come out in support of the miners in the



Kuzbass region of central Siberia.

The miners are all demanding more independence from Moscow, drastic cuts in the government bureaucracy and better wages and living conditions in the coalfields.

The spread of the strike came as the Soviet leadership despatched a senior team to negotiate an end to the mass strike by Siberian miners, amid warnings of widespread closures of power stations and iron and steel plants because of a looming coal shortage.

Mr Nikolai Ryzhkov, the Soviet Premier, announced that Mr Nikolai Slyunkov, the ruling Politburo member responsible for the economy, and Mr Lev Voronin, a Deputy Prime Minister, had flown to the Kuznetsk coal field, where 110,000 miners and other industrial workers have now joined the stoppage.

His announcement came as it was confirmed that the miners had set up a regional strike committee to negotiate, in a clear vote of no confidence in their trade union and other official bodies.

The combination of renewed racial clashes and the biggest industrial strike of recent years has presented Mr Gorbachev with a serious challenge at an acutely sensitive moment when he is also in the throes of trying to launch a purge of conservatives in the ruling Communist Party.

Official commentators have been at pains to stress that the strikers, in particular, are calling for faster, not slower reforms.

However the strike committee had agreed to ship coal in instalments to the stricken plants – primarily in the Urals – to alleviate the crisis.

The Soviet Prime Minister told the Supreme Soviet, the country's reformed standing parliament in Moscow, that the commission would "study all the issues to establish how the miners could be helped."

He admitted that many social problems had accumulated in the mining region, some of them "left unattended due to the inertia of the local authorities," Tass said. The general shortages of both food and consumer goods throughout the country "was also reflected in the events."

Trud, the trade union newspaper, estimated on Sunday that 1m tonnes of coal had already been lost in the dispute and estimated the cost to the economy at 20m roubles ($33m).

Foundations begin to move, Page 2

Taiwan tries to assuage fears on banking law

By John Elliott in Taipei

TAIWAN'S Government yesterday moved to defuse a possible stock exchange crisis and avoid social unrest by urging the country's troubled underground finance companies to legalise their operations.

The government's target is about 200 unauthorised finance companies which pay interest of up to 60 per cent or more a year in monthly instalments on illegal deposits, rumoured to total between US$5bn and US$8bn.

President Lee Teng-hui is expected this week to promulgate a new Banking Bill which clamps down on these companies, in addition to carrying out its primary purpose of opening up the banking industry to the private sector. The Bill also enlarges the scope of business for foreign banks.

Last week there were fears of a financial crash when the long-delayed Bill completed its parliamentary stages. The local stock market nose-dived for a couple of days and the biggest underground finance companies responded to heavy runs on their funds by announcing that they were stopping the repayment of loans for up to three months.

The government has tried to calm the atmosphere by stressing that the companies can convert themselves into registered finance businesses, but only if they stop taking illegal deposits and treat investors as shareholders.

Some of the companies may have sufficient assets to repay their debts. The largest, Hung Yuan Holdings (also known as Homey), has announced a three-month suspension of repayments but said its assets were NT$80bn (US$3.1bn), far outstripping deposits which it said stood at NT$65bn. It also declared NT$30bn invested in equities.

The new Bill is controversial for two main reasons. First, senior members of the Government and the ruling Kuomintang Party are believed to be involved in the companies and are alleged to have slowed down the passage of the Bill for over a year.

Second, there are tens of thousands of investors whose savings are at risk and who are liable to blame the Government both for originally allowing the companies to grow and now for legislating against them.

It was widely assumed that the Government would not dare to implement the Bill before the end of the year when it has to face a general election. But Mr Lee Huan, who became Prime Minister in May, decided immediate action was needed because of the enormous size of the investments which were complicating government efforts to manage the economy and curb money supply growth.

The government's main problem is how to cope with Taiwan's mountains of cash, generated in the past few years by its dramatic success in export markets. Foreign reserves, excluding gold, exceed US$76bn, and annual per capita income is just over US$6,000. The value of the New Taiwan dollar has dropped from about 35 to 25.26 to the US dollar in less than three years.

Continued on Page 18

Mandela reunited with friends brought from their prison cells

By Anthony Robinson in Johannesburg

MR NELSON MANDELA, leader of the African National Congress, has held an unprecedented reunion with five of his closest political friends brought from their cells to the veteran leader's prison bungalow.

It was revealed yesterday that the five men, all veterans of the 1964 Rivonia treason trial which led to life sentences for Mr Mandela and his co-conspirators, were taken from jail last Friday to Mr Mandela's bungalow in the grounds of the Victor Verster prison in Paarl, 30 miles from Cape Town.

The latest sequence of visits underlines the extraordinary change in the status of South Africa's most famous political prisoner since his unprecedented 45-minute meeting with President P.W. Botha two weeks ago.

Mr Elias Motsoaledi was taken from Robben Island prison to the mainland where he joined Mr Walter Sisulu, Mr Ahmed Kathrada, Mr Raymond Mhlaba and Mr Andrew Mahlangi for the trip to Paarl. The latter are all detained in Cape Town's Pollsmoor jail where Mr Mandela was also confined from 1982 until he was taken to a clinic for tuberculosis treatment last year. He was then transferred from the clinic to Victor Verster.

According to Mr Omar Dullah, a Cape Town lawyer and long-time friend of the Mandela family, the five men were given new suits by the prison department before being taken to Paarl.

Mr Mandela, who is a prince of the Tembu ruling clan from the Xhosa-speaking Transkei, also entertained a four-man delegation of Tembu paramount chiefs last week.

After virtual isolation for more than a quarter of a century he has suddenly become the focal point both for speculation over future political power-sharing negotiations and a key figure in practical, day-to-day black politics.

Today, Mr Mandela, now a greying but fit 71-year-old patriarch, will entertain members of his closest family at a birthday party in his bungalow.

Apart from Mrs Winnie Mandela, the wife with whom he lived a clandestine existence before his arrest in 1961, Mr Mandela is also expected to host his daughter, Zindzi, and his son from his first marriage as well as several of his grandchildren.

Mr Mandela is also expected to receive his law degree at a separate ceremony shortly. Mr Mandela, a lawyer before his arrest, has taken a law degree by correspondence course from the University of South Africa.

These developments both underlines the central political role of the banned African National Congress leader and helps prepare the ground for his eventual release.

Although ostensibly to celebrate the veteran leader's 71st birthday, the meeting will have provided an opportunity for the ANC's historic leaders to discuss key strategic issues.

MARKETS

STERLING
New York lunchtime: $1.6140
London: $1.6145 (1.612)
DM3.0775 (3.0675)
FFr10.4375 (10.41)
SFr2.6600 (2.6525)
Y228.50 (226.50)
£ index 92.2 (92.0)

GOLD
New York: Comex Aug $373.3
London: $371.25 (same)

N SEA OIL (Argus)
Brent 15-day Aug $16.05 (17.70)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime: DM1.9050
FFr6.4655
SFr1.6452
Y141.50
London: DM1.9065 (1.9030)
FFr6.4650 (6.4575)
SFr1.6470 (1.645)
Y141.55 (140.45)
$ index 70.6 (70.1)
Tokyo close:

US LUNCHTIME RATES
Fed Funds 9¼%
3-mo Treasury Bills: yield: 8.17%
Long Bond: 103⅛
yield: 8.10%

STOCK INDICES
FT-SE 100: 2,274.9 (+1.2)
FT Ordinary: 1,880.2 (−6.2)
FT-A All Share: 1,150.56 (+0.1%)
FT-A long gilt yield index high coupon: 9.50 (9.53)
New York lunchtime: DJ Ind. Av. 2,553.11 (−1.71)
Tokyo: Nikkei 33,456.22 (−118.55)

LONDON MONEY
3-month interbank closing 13$\frac{13}{16}$% (13¾)

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Contrasting European reactions to the Delors Report
The report of Commission president Jacques Delors (left) outlined a gradual "transfer of decision-making power from member states to the Community as a whole...in monetary policy and macroeconomic management." Page 16

SELLING PRICE IN IRELAND 60p, IN MALTA 40c

Moscow denies fire on submarine off Norway coast

By Karen Fossli in Oslo and Anthony McDermott in London

THE SOVIET Defence Minister, General Dmitry Yazov, yesterday denied reports that fire broke out on Sunday aboard a Soviet nuclear submarine in the Barents Sea. He told the Tass news agency that the submarine had been forced to surface because of a suspected reactor fault.

Smoke that was spotted by a passing Norwegian ship had in fact been caused by diesel exhaust from auxiliary engines, Gen Yazov said.

Norwegian officials said they remained alarmed about the frequency of incidents – three in less than four months – involving Soviet nuclear submarines in nearby waters. But these incidents need not harm Norwegian-Soviet relations if *the Soviet Union was prepared* to be rapid and open in telling Norway of their occurrence, according to Mr Tomas Ries, a defence specialist working in the Oslo-based Norwegian Institute for Defence Studies.

Norway is drafting a proposal for an agreement with the Soviet Union which would provide for early notification of nuclear incidents at sea, and of air incidents.

On Sunday, Norwegian officials reported that a Soviet Alpha-class submarine had been spotted in Arctic waters of the Barents Sea with smoke *billowing from its conning* tower.

The first incident occurred on April 7 when a Soviet Mike-class nuclear powered submarine caught fire and sank in the Norwegian Sea, claiming 42 lives. The second involved an Echo-2 class nuclear submarine which caught fire with no casualties. The Mike and Alpha class boats deploy more recent technology than the Echo-2 class.

Mr Erik Senstad, a Norwegian Defence Ministry spokesman, said the frequency of these incidents reflected a lack of control by the Soviet Union over sophisticated nuclear technology and a general lack of trained staff.

According to Mr Ries the Soviet Union operates some 119 nuclear-powered submarines from its Kola peninsula bases. Of these 79 are purely nuclear-powered and 40 are also strategic missile submarines.

Foundations of Communist edifice begin to move

Quentin Peel assesses the implications of the strike by more than 100,000 coalminers in Siberia

IT IS THE moment Mr Mikhail Gorbachev must have been dreading. More than 100,000 Siberian coalminers, the very bedrock of the Socialist revolution, are on the streets demanding a new deal.

For months the industrial temperature has been rising, above all in the mines. A dozen wildcat disputes have broken out across the country, from the giant Donbass coalfield in the Ukraine, to the bleak pits of the far north in Siberia. But they have involved *hundreds, not thousands.*

Bus drivers went out in Archangelsk, Moldavia and Kirgizia; policemen in Leningrad; and air traffic controllers refused to pick up their wages in Moscow.

Suddenly, an entire coalfield is on strike – the Kuznetsk field (Kuzbass), second only to the Donbass in size, and a vital supplier to the heavy industry of the Urals.

Are they backing perestroika, or are they against it? Is this revolution, *or counter-revolution? The answer is* that nobody knows, but they are desperately trying to find out.

On the face of it, the Kuzbass miners are demanding more reforms, not fewer. They want decentralisation of power, big cuts in the bureaucracy, and the right to control their own destiny. But they also want dramatic improvements in their living standards, and that is just what perestroika has so far so signally failed to deliver.

In one week, the strike has spread from a single town – the five pits of Mezhdurechensk, at the south-east end of the field – to the entire field, in spite of a string of important concessions from the Soviet authorities.

Mr Mikhail Shchadov, the Coal Industry Minister, flew to the spot *within 24 hours of the start*, but he has so far achieved nothing more than to talk himself literally hoarse before mass meetings of miners (and thousands of equally disgruntled industrial workers) in the Lenin Squares and Victory Squares of coal mining towns with bleak names like Novokuznetsk and Prokopevsk.

He has given them pay rises, promises of better holidays, more medical equipment, better food supplies. He has spent hours on the telephone *back to Moscow looking for ways of* giving more. He has been greeted with profound scepticism by a disillusioned proletariat.

"Enough of your promises. Just tell us when. We demand a commission from Moscow," the miners shouted on Saturday when he reached Novokuznetsk. They howled *him down in fury* when he claimed that the miners of Osinniki had returned to work.

"He's got his fingers crossed," was one disrespectful slogan which crept into the columns of the mighty Pravda, principal organ of the ruling Communist party.

The truth is that all the national press have given the rebellious miners a thoroughly sympathetic hearing, against all the old tradition of either ignoring such disputes, or dismissing them as civil disobedience.

The strike could hardly have happened at a more appropriate time. A draft law to give a legal basis for strikes was formally presented to the Supreme Soviet just last week.

"Talking of a legal basis for strikes, we must recognise that they have become a fact of life," a leading academic lawyer wrote in *Izvestia*, the government newspaper.

"It is not serious to argue that the law will stimulate strikes. The lack of *law creates a condition for workers to* react sporadically to unacceptable administrative situations" – ie, when the bureaucracy fails to react to them.

Sovietskaya Rossiya, the Communist Party newspaper for the Russian federation, believes that the strike is backing perestroika. The miners want *more control* over their own destiny: "Isn't that the essence of perestroika? Until now, perestroika was a revolution from above. Now it is getting powerful support from underneath."

The trouble is that it could wreak more havoc in an already deeply ailing economy.

"It is a pity that objectively it gives a negative result for *the economy*," the paper declared. "But can the workers be blamed for that? People who ignored these workers' demands . . . these people are guilty."

Yet the speed with which the strike spread, and the refusal of the miners to accept a string of concessions, is ominous for the authorities. The very fact that the miners have set up their own strike committee for the region is a vote of no confidence in all the traditional Soviet institutions.

The strike has brought to the surface details of the miserable conditions both in Siberia in general, and *in the mines in particular.* For a start, the industry's safety record is abysmal, with 10,000 deaths in mine accidents over nine years, according to Komsomolskaya Pravda. The Kuzbass lost 152 lives last year alone.

Another shocking detail was that there was no milk on sale throughout the region. An important demand of the miners is to invest in local agriculture so that they can be sure of food supplies.

The other ominous factor for the Soviet leadership *is that basically eco*nomic demands very rapidly became political. The miners are calling for a new constitution, for an emergency session of the Congress of Deputies, and – according to at least one report – for that assembly to act to curb the power of the Communist Party central committee.

On the other hand, all the official press insists that the miners are rejecting more extreme political demands, shouting down a speaker from the banned Democratic Union, which wants a multi-party democracy. But the very fact that he was allowed to speak is revealing.

Mr Gorbachev has sent a high-powered team to the area to take over from Mr Shchadov. If he has his way, he will turn the demands of the miners into more pressure for faster reforms, more decentralisation, and less bureaucracy.

If he plays it wrong, then the strike could very easily spread, raising both economic and political demands which he is simply not ready to satisfy, and keep under control.

Solidarity hearing for Jaruzelski

By Christopher Bobinski in Warsaw

SOLIDARITY'S parliamentary Deputies yesterday gave a hearing to General Wojciech Jaruzelski, the Polish Communist Party leader, who is expected finally to declare his candidature for the post of President in an election which will be held tomorrow.

The Deputies and Senators **meeting behind closed doors in the Parliament building received the general in silence when he came in, then heard him speak for over 90 minutes to answer prepared questions from the group.**

The general has already been through similar meetings with the official Communist-allied parties in parliament and will meet today with the Communist Party Deputies after a Politburo meeting in the morning which is expected formally to approve his candidature.

Yesterday, just before the general spoke with Solidarity, the Polish Roman Catholic Church announced that the Vatican was re-establishing diplomatic relations with Poland and appointing a papal *nuncio to Warsaw for the first* time since 1939.

The re-establishment of diplomatic relations comes in the wake of laws normalising relations between Church and state in Poland.

It can also be seen as an indirect gesture of approval for Gen Jaruzelski's actions in permitting the present liberalisations to go ahead.

Yesterday Gen Jaruzelski, wearing a dark civilian suit, told Solidarity he did not regret having ordered martial law in 1981 but did blame himself for having allowed a situation to arise in which such a measure was necessary.

He implied, though, that *many of those present had* been saved from a worse fate by martial law, indirectly referring to the possibility then of a Soviet intervention.

Now he appealed to the group, using military language, that "we must march separately but attack together", referring to the issue of resolving Poland's economic and political problems.

Earlier, Solidarity had voted to hold the presidential election on an open ballot and limit the debate before the *vote only to representatives of* the various parties.

The Communist leadership has been *insisting* that Gen *Jaruzelski must not be sub*jected to a cross-examination on the floor of the house before the election, and the Solidarity decision aims at avoiding that.

Belgium bridles as Austria applies to join the EC

By David Buchan in Brussels

AUSTRIA YESTERDAY finally applied to join the European Community and promptly threw the Twelve into some disarray on a formal response to Vienna's accompanying insistence on staying neutral forever.

Belgium, fearful that neutral Austria would slow movement towards eventual European *political union, effectively* blocked a short EC acknowledgement of the application letter handed over earlier in *the day by Mr Alois Mock*, the Austrian Foreign Minister.

At their meeting here yesterday, 11 EC foreign ministers were ready to reply to Vienna that they "took note" of Austria's request to maintain permanent neutrality, as laid down in the country's 1955 constitutional law, but would send the membership application straight on to the European Commission for its opinion in the usual way.

But Mr Marc Eyskens, the Belgian minister, said he could not immediately agree to the Commission being asked to start a study of the Austrian entry bid, and by a technicality his dissent was enough to block even a simple acknowledgement of yesterday's long-awaited move by Austria.

Austria's Foreign Minister Alois Mock (right) hands application documents to his French counterpart, Roland Dumas

The dispute is almost certain to be smoothed out this week among diplomats of the Twelve. But it epitomises the problems raised by the fact that for the first time an applicant has made maintenance of neutrality an explicit condition of its entry into the EC. Ireland never made an issue of its neutrality when it joined in 1973.

Belgium's enthusiasm for political union has made it the EC state which is the most sceptical of Austrian claims that its neutrality is compatible with the political and foreign policy obligations of Community membership.

Mr Mock repeated these claims yesterday at a news conference, arguing that nothing in EC membership would jeopardise the two essentials of Austrian neutrality: that the country could not join a military alliance or have foreign military bases on its soil.

"All the aims and perspectives with regard to political union are acceptable to us," he said. He acknowledged that the Soviet Union, a signatory of the 1955 Austrian state treaty, had criticised the membership bid, but said that in talks last autumn with Mr Eduard Shevardnadze, the Soviet Foreign Minister, the two sides had agreed, in the overall context of their good relations, to disagree on this issue.

Vienna would have been able to back EC participation in the 1982 sanctions against Moscow over martial law in Poland, *"just as it was possible* to accept United Nations sanctions" against other countries, Mr Mock claimed.

EC reaction to the bid cuts across traditional federalist/anti-federalist lines. Italy, while in the van of those calling for eventual European union, is publicly well-disposed to admitting one of its neighbours.

On the other hand, Britain and France are both concerned that Austrian entry, on Austrian terms, could foreclose the option of the Community one day developing a security dimension.

Mr Mock yesterday stressed that Austria would be a net contributor *to the EC budget*, and that he did not expect entry negotiations to start "at the earliest until completion of the internal market" by the end of 1992.

Spending on environment projects falls sharply

By David Goodhart in Bonn

PUBLIC and private spending on environmental protection in the 10 major western industrial countries between 1980 and 1988 has failed to rise in line with economic growth, and spending has actually fallen sharply in most of the countries as a percentage of gross national product (GNP) since 1975, according to a report from the Institute of German Economy in Cologne.

Only the Netherlands has raised expenditure faster than the level of economic growth and markedly increased environmental *spending* as a proportion of GNP from 1 per cent in 1975 to 1.34 per cent in 1988 – the highest of the 10.

Most of the rest have allowed spending on the environment to fall from well over 1 per cent of GNP to well under.

Japan's spending has fallen most spectacularly, from 1.6 per cent of GNP in 1975 to 0.7 per cent in 1988.

The UK has dropped from 1.5 per cent to 0.74 per cent over the same period. Only the Netherlands, Canada and West Germany remain over 1 per cent.

Total spending on the *environment by* the 10 in 1988 came to DM171bn – representing 0.7 per cent of their collective GNPs – of which the US spoke for 40 per cent, Japan 19 per cent and West Germany 13 per cent.

The report brackets the countries into three groups; those which have increased spending 1980-1988 by more than 35 per cent – the Netherlands and Italy; those which have increased spending by 25 to 35 per cent – Canada, the US, West Germany and Denmark; and those in which spending since 1980 has stagnated or even dropped – Japan, Britain, France and Sweden.

The Institute, which is known for its free-market views and for its associated with the Confederation of German Industry, recommends an increase in spending on the environment to above the rate of economic growth.

It adds that if the 10 countries only raised spending to 1 per cent of their collective GNPs it would represent an extra DM100bn ($S25,000m) per year.

In most countries the states' share of environment spending has been creeping up since 1975 and only in West Germany and the USA does it remain under 70 per cent.

The West German private sector has bucked this trend and increased its share from only 23.2 per cent in 1975 to 38.4 per cent in 1988.

The report shows that in most of the 10 countries the states spending is concentrated on the protection of water and the private sector in restraining air pollution.

Greek foreign reserves fall 30% in six months

By a Correspondent in Athens

THE NEW Greek Government has learned that the country's foreign exchange reserves dropped by 30 per cent in the first six months of the year following an import surge encouraged by expectations of a heavy devaluation of the drachma.

However, Mr George Souflias, the Economy Minister, has flatly ruled out any devaluation before the next election, *expected in October.*

In an interview, he confirmed that the budget deficit was heading for a record 22 per *cent of gross domestic product* – more than Dr1,900bn ($11.5bn) – this year because of a sharp pre-election increase in spending by the former Socialist (Pasok) Government headed by Mr Andreas Papandreou. Another contributory factor, he said, has been a delay in collecting taxes.

Details of the $1.08bn fall in foreign exchange reserves to $2.09bn were contained in a Bank of Greece report on the state of the economy which was specially prepared for the interim Government made up of the conservative New Democracy and a Communist-dominated left-wing coalition.

The nature of the Government rules out any economic policy initiatives before the next election which means that the central bank's maintenance of high interest rates is the only tool available for containing growing inflationary tendencies. Bank of Greece *estimates point to an average* rate of inflation for the year of at least 14 per cent.

"We inherited an economy in bad shape," said Mr Souflias, who added that the Government intended to tell the Greek people the truth about the economy "no matter how bad this may turn out to be."

● The Greek government asked parliament to investigate allegations of corruption levelled at former Socialist Prime Minister Andreas Papandreou. The proposal could lead to criminal investigation and trial for Papandreou, 70, who held power from 1981 until an election defeat in June.

Bulgaria admits exodus has left it short of labour

By Judy Dempsey in Vienna

THE BULGARIAN authorities, facing a sudden shortage of labour because of the exodus of more than 120,000 ethnic Turks, say they have recruited students and schoolchildren to bring in the harvest.

Mr Georgi Menov, the Agriculture Minister, told the party daily Rabotnichesko Delo that *workers and pensioners* had also been recruited into the "new organisation in vegetable and fruit gathering".

As Mr Menov diplomatically implied, extra hands were needed because of "the difficulties which have arisen from the insufficiency of manpower in certain areas."

A stream of refugees has poured over the border into Turkey – under varying degrees of duress – since the Sofia Government, in a sudden reversal of policy, started issuing its ethnic Turkish citizens with passports, and deported many of them.

Mr Menov admitted that workers in some enterprises now had to work longer hours, including weekends, and that this could lead to discontent.

France sets target date for merger rules

By William Dawkins in Brussels

FRANCE WILL today call on EC member states to reach agreement by the end of the year on some of the most ambitious proposals left outstanding in the Community's plan for a free single market.

Mrs Edith Cresson, the country's European Affairs Minister, will tell the first Internal Market Council under the six-month French EC presidency that Paris wants adoption of controversial plans for a Community-wide merger control system by Christmas.

She wants an outline accord on separate plans to extend rules on open public procurement to the sensitive sectors of *telecommunications, energy,* transport and water, one of the most important public purchasing measures in the internal market *project*. Supplies and works contracts from these sectors – now excluded from free competition – represent almost 15 per cent of the EC's gross domestic product.

Also on Mrs Cresson's internal market shopping list is a European Commission proposal for common copyright protection for software, to combat the growing problem of computer piracy.

EC officials say France has a reasonable chance of getting at least near an agreement on these three proposals before its presidency passes to Ireland at the end of the year. Trade and industry ministers are not expected to conclude any accords at today's meeting.

Paris has already set a *committee of national officials to* work resolving the mass of detailed problems impeding the unanimous agreement needed *for the proposed EC merger* control regulation, still viewed with deep suspicion by the UK and West German anti-trust authorities.

This is the toughest target on the French agenda, since EC merger control has been the subject of troubled debate on and off for 16 years. The plan would allow the Commission to vet in advance potentially anti-competitive cross-border mergers with combined world turnovers of more than Ecu5bn (£3.4bn), among other criteria.

The French Government – as opposed to the EC presidency – wants industrial policy criteria to be used in deciding on the desirability of mergers, while Spain and Italy *would like to see* regional development taken into account. Britain and West Germany, meanwhile, think pure *competition criteria only* should be applied. Member states have also yet to agree on the turnover threshold.

Ministers will have their first opportunity today to react *to the Commission's recent* proposal for a European company statute. This would allow cross-border mergers to incorporate under EC law, rather than having to choose between different member states' company laws. While optional, companies using the EC statute would have to adopt one of three models of worker participation, an idea likely to be greeted sceptically by Britain, which believes workers' rights are no matter for EC law.

Other internal market measures for discussion – but not decision – *today* include plans for a single EC patent, currently held up by Ireland and Denmark, and proposals to *guarantee the rights of stu*dents and pensioners to live in other member states.

Civil rights petitioners blacklisted by Prague

By Leslie Colitt in Prague

THE CZECHOSLOVAK authorities are blacklisting leading artistic performers who were among more than 7,000 people supporting a petition calling for civil rights and religious freedoms, according to opposition sources.

They claim that a list of more than 80 names was circulated to the official media with instructions that they should not be quoted or allowed to appear on radio, television, stage or film.

Among those who signed the petition were actor Jiri Bartoska, pop singer Hanna Zagorova, and Martin Kratochvil, a jazz musician.

The petition demands the rights of assembly and association and the ending of censorship. It also calls for political *prisoners to be freed*, and an open discussion of the crushing of the reformist "Prague Spring" in 1968.

Czechoslovak television last Friday showed a documentary purporting to show connections between the Charter 77 human rights *organisation*, which issued the petition, and terrorists accused of setting fire to industrial installations.

The authorities earlier accused the authors of the document of attempting to overthrow the Communist system and warned them against "playing with fire". Mr Vaclav Havel, the playwright and an organiser of the appeal, has been warned by the police he was violating the conditions of his parole (he was released in May having served half of an eight-month jail sentence for taking part in demonstrations in Prague.)

Big rise in labour emigration discounted

By David Goodhart in Bonn

THE FURTHER easing of restrictions on labour mobility within the European Commu*nity accompanying the 1992* Single Market project is not expected to lead to a sharp increase in labour emigration, according to a report by the West German Federal Labour Office.

Formal barriers to movement within the EC were abolished in 1968 but several obstacles have remained, such as limited cross-border qualification recognition, which 1992 *will sweep away. This has* given rise to fears of an immigration surge into richer EC countries.

However, the Federal Labour Office report points out that as wage levels and growth levels within the EC gradually draw closer the motivation for emigration is reducing.

This seems to be supported by figures which show that between 1977 and 1987 the *number of full time workers* in West Germany from other EC countries fell from 730,368 to 492,126 while the total number of foreign workers fell only from 1.9m to 1.6m.

The only two EC countries which stood out against this trend were Britain and Ireland. The number of Britons working in West Germany between 1977 and 1987 increased from 25,000 to 33,000 and the number of Irish from 1,170 to 1,500.

The report says that higher mobility might be expected after 1992 in certain fields of technology and among managers as large companies seek to become more European. It also expects a sharp increase in cross-border commuting in border areas.

Bush beats the trail of great aunt Abigail

Laura Raun in The Hague traces the roots of US-Dutch relations

MR GEORGE BUSH discovered his roots in the Netherlands yesterday.

The US President found out that his great great great Aunt Abigail was one of the "Pilgrim Mothers" who sailed to America from Leiden in the 1620s.

This little gem of genealogical history helped set the tone for a visit that paid tribute to a loyal ally while capping the President's European tour.

Mr Bush was the first US President to visit the Netherlands in more than 200 years of steadfast relations. The Netherlands arguably was the first country to recognise the sovereignty of the United States of America in 1776.

But it is the last Western European country save Luxembourg and Denmark to be graced with a presidential visit.

Compared with the French flamboyance and Eastern European drama of last week, the Dutch visit was a picture of Calvinistic sobriety.

Mr Bush delivered his speech in a spare Dutch *Reformed church, he and the* First Lady lodged in the modest Palace Noordeinde and a "working lunch" was served *instead of the gastronomic* masterpieces of Paris.

Moreover, the President encountered a caretaker government unable to conduct serious business.

The Christian Democrat-Liberal coalition of Prime Minister Ruud Lubbers collapsed in May, and early elections will be held on September 6.

The President's lightning visit, which ends today is largely a symbolic gesture to an ally whose loyalty has sometimes been taken for granted. The Hague has occasionally irked Washington, notably in its rebellious refusal to deploy medium range nuclear missiles several years ago.

Now the Dutch are leaning *closer to Washington than at* any time in the recent past. Yesterday Mr Bush alluded to their constructive role in the recent Nato compromise on short range nuclear weapons.

The White House undoubtedly hopes to chalk up another notch in its public relations contest against *Mr Mikhail* Gorbachev. But the empty streets of The Hague and several thousand Dutchmen in Leiden were hardly an effusive audience compared to the emotional throngs in Poland and Hungary.

Until last week, no radicals had protested against the Bush visit, a sure sign of Dutch apathy. But then red paint was daubed on the Pieterskerk, where he spoke yesterday, and a few anti-American banners were unfurled in Leiden.

It was early in the 17th century that relations between the *Netherlands and the US* began, when English Puritans – like Mr Bush's ancestors – sought refuge in Leiden before setting sail for the New World.

Pieter Minuit, a director-general of Holland's West India Company, bought Manhattan from the local Indians for *around 60 guilders.*

Known historically as astute traders the Dutch later made the worst deals in their history – swapping Manhattan for Surinam in 1667, giving New York to the English. Eager for profitable trade, the Dutch sold arms to the Ameri*can colonists in violation of a* defence alliance with England.

Without Dutch support in the early stages of the American Revolution, it might have failed, acording to the historian Barbara Tuchman. The Hague, in effect, recognised US sovereignty in November 1776 when the Dutch governor of the Caribbean island St Eustatius ordered a salute to the "Andrew Doria," a ship in the Continental Congress Navy. Later, John Adams, the US Ambassador in The Hague and second US President, lobbied for official recognition.

Today the Netherlands is the second largest foreign investor in the US after Britain, with Fl 100bn ($50bn) of assets; and the US is the biggest investor in The Netherlands with $10bn assets. Given this rich history, the Dutch are puzzled, and a little hurt, that a US president has never bothered to visit before.

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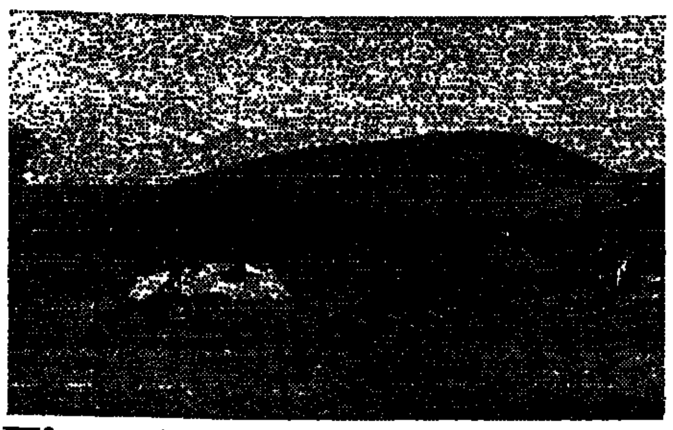
AMERICAN NEWS



First flight for Stealth

THE world's most expensive aircraft, above, made its maiden flight yesterday, writes Our Foreign Staff. The two-hour spin will help to decide if funding for the B-2 Stealth bomber – each costs $500m (£309m) – continues. The bat-like B2 took wing in southern California above an Air Force base at Palmdale.

The project has taken eight years and consumed $23bn and its total cost may be three times that figure. Congress has suspended funding until the aircraft proves its worth in tests.

The B2 is designed to evade and confuse enemy radar, with a mixture of new materials, complex shapes and hidden exhausts. Ironically, on its maiden flight, it was equipped with reflective material to allow test personnel to keep track of the aircraft and its two pilots. The flight had been scheduled for last Saturday but it was aborted by a low fuel pressure gauge reading.

US manufacturers fail to halt fall in demand for cars

By Kevin Done, Motor Industry Correspondent

US new car sales fell 7.2 per cent in the first half of the year to 5.13m despite intensive attempts by US car makers to bolster sales with widespread discounting and dealer incentives.

The decline in new car demand in the US contrasts sharply with West Europe and Japan, where new car sales are still running at a record level.

The big three US car makers, General Motors, Ford and Chrysler, have been forced to cut production plans, with output still running ahead of demand. All three have been forced to resort to temporary plant closures and extended summer shut-downs.

Despite the drop in demand, US car production in the first six months of the year was 2.4 per cent higher than a year ago at 3.83m.

GM, Ford and Chrysler are also hit by the impact of rapidly rising output from the so-called Japanese "transplants", the assembly plants established by Japanese car makers in the US.

Sales of Japanese makes – imports and transplants – rose 6 per cent in contrast with the 7.2 per cent drop in overall car sales, as Japanese car makers sharply increased their share of the total market to 24.3 per cent from 21.3 per cent a year ago.

US car sales in 1989 could fall below 10m units for the first time in six years, a sharp fall from the peak of 11.46m in 1986 and the 10.59m achieved last year.

Forecasts for the combined car and light truck market suggest a drop in sales to 14.7-15m from 15.4m in 1988.

GM, Ford and Chrysler all suffered a fall in volume sales in the first six months compared with a year ago, with GM car sales dropping by 10.4 per cent. Ford out-performed its domestic rivals, however, increasing its share of the reduced market to 22.6 per cent from 21.8 per cent a year ago, reflecting a fall of only 3.8 per cent in sales volume.

GM has failed to arrest its declining share of the market despite model launches, and captured only 35.8 per cent of US car sales in the first half of 1989 compared with 37.1 per cent a year ago.

By contrast, most of the leading Japanese car makers increased their sales volumes, led by Nissan, the second biggest Japanese automotive group. Nissan increased sales by 10.5 per cent in the first six months.

European car-makers are still facing an uphill struggle, as US demand for luxury imported cars continues to weaken. European producers such as Mercedes-Benz, BMW and Jaguar will face additional fierce competition in the autumn, when both Toyota and Nissan launch their new Lexus and Infiniti luxury car ranges in the US.

US CAR MARKET
January-June 1989

	Volume (Units)	Volume Change(%)	Share (%) Jan-Jun 89	Share (%) Jan-Jun 88
TOTAL MARKET	5,131,000	−7.2	100.0	100.0
Imports	1,410,000	−8.3	27.5	27.8
Japanese makes – imports & US-built	1,245,000	+6.0	24.3	21.3
Of which Japanese US-built	366,000	+32.3	7.1	5.0
SALES BY MANUFACTURER:				
General Motors*	1,837,000	−10.4	35.8	37.1
Ford*	1,158,000	−3.8	22.6	21.8
Chrysler*	543,000	−15.7	10.6	11.7
Honda	380,000	+3.4	7.4	6.7
Toyota	327,000	+5.2	6.4	5.6
Nissan	263,000	+10.5	5.1	4.3
Mazda	130,000	+0.2	2.5	2.4
Hyundai	98,000	−33.8	1.9	2.7
EUROPEAN IMPORTS:				
VW/Audi	82,403	−27.8	1.6	2.1
Volvo	53,043	+6.9	1.0	0.9
Mercedes-Benz	36,265	−17.7	0.7	0.8
BMW	34,849	+0.2	0.7	0.6
Saab	18,192	−18.3	0.3	0.4
Jaguar	9,365	−5.4	0.2	0.2
Yugo	5,305	−67.9	0.1	0.3
Porsche	4,556	−48.3	0.1	0.2
Sterling	3,351	−32.3	0.1	0.1
CAR PRODUCTION	3,831,000	+2.4	100.0	100.0
Of which Japanese US-built†	558,000	+23.9	14.6	12.1
LIGHT TRUCK SALES	2,397,000	−5.2	100.0	100.0
Imports	314,000	−11.5	13.1	14.0
TOTAL CARS & LIGHT TRUCKS	7,528,000	−6.5	100.0	100.0

*Includes captive imports. †Included joint ventures.

Democratic fund-raisers 'find Jackson a liability'

LEADING fund-raisers are boycotting the Democratic Party's efforts to raise money because of the party's ties to the Rev Jesse Jackson, according to Mr Ronald Brown, the Democratic national committee chairman, writes Lionel Barber in Washington.

Mr Brown – who worked as a top Jackson adviser during last year's presidential campaign and is the first black chairman of the party – brushed aside criticism about his own performance and liberal reputation.

"It's Jesse," he told the New York Times, "that's the bottom line."

Mr Jackson has often alienated American Jews because of his refusal to condemn anti-semitism voiced by black Moslem leaders and because of his ambivalent views towards Israel. The Jewish community in the US has traditionally been one of the most generous contributors to the Democrat cause.

The Democratic national committee – while complementing other fund-raising bodies at state and national level – is an important clearing house for money raised for congressional races as well as for the presidential election in 1992. This year it has raised only $2.4m (£1.5m), compared with $3.2m four years ago.

Under Mr Brown, however, Democratic spending has risen to $4m, forcing the party to draw on reserves left by Mr Paul Kirk, the previous chairman. By contrast, the Republican national committee has raised $11.8m and is trying hard to build an organisation appealing to younger voters and upwardly mobile minorities.

This has been a bad year for the national Democratic Party. The Democrat leadership in the House of Representatives has been mired in ethics scandals and the party is still reeling psychologically from the defeat of its candidate, Governor Michael Dukakis of Massachusetts, in the 1988 presidential campaign.

Last year, for the first time in many campaigns, the Democrats found themselves matching, dollar for dollar, the fund-raising of then-Vice President George Bush. Fund-raisers are bitter that Mr Dukakis failed to win and are reportedly leery of the party's financial plan, which calls for raising $100m through 1992.

Mr Brown's difficulties may reflect the same scepticism voiced about Mr Kirk when he took over as party chairman after the 1984 presidential defeat of Mr Walter Mondale. Mr Kirk, a former top aide to Senator Edward Kennedy, was judged too liberal for the job but by 1988 he was viewed as a centrist who won over most of the conservative southern Democrats.

Mr Jackson may do the national party a favour by stepping out of the 1992 presidential race and running instead for mayor of Washington DC in 1990. The black civil rights leader is moving his family and national political organisation from Chicago to Washington, a sign he is contemplating entering the mayoral race. His problem is that he has pledged not to challenge his old friend – the scandal-tainted Mayor Marion Barry – who announced through an aide last week that he was running for a fourth term.

Kennedy, 20 years on: effective but still accursed

ON A warm Sunday evening, 20 years ago today, Senator Edward Kennedy and his 28-year-old woman companion, Mary Jo Kopechne, drove at speed over a hump-back bridge near Chappaquiddick, Massachusetts. The car, a black 1967 Oldsmobile, swerved, catapulted 36ft in the air and plunged into 8ft of salt water.

Kennedy survived, but his passenger died. It took 10 hours for the senior senator from Massachusetts to report the accident; and it took four months for the authorities to hold an inquest. When it opened, the press and public were barred. A supposedly tamper-proof grand jury, acting on the prosecutor's direction, was unable to subpoena witnesses or to review a record of the inquest.

"All they were concerned about was protecting Teddy's political career," said Mr Leslie Leland, the grand jury foreman that summer.

In an interview with Newsweek this month, Mr Leland recounted how he was the subject of death threats and official intimidation as he tried to pursue an abortive grand jury investigation.

Chappaquiddick did not, as some have recently suggested, lead to greater public scrutiny of American politicians. Nor did it foreshadow 1989's great obsession with personal ethics. The affair, in fact, was testimony to the wisdom of F Scott Fitzgerald's observation: "Let me tell you about the very rich; they are very different from you and me."

Lionel Barber charts the career of the Massachusetts senator since Chappaquiddick

Edward Kennedy, says an acquaintance, is the kind of guy who enters a room, throws off his jacket and knows there will always be someone there to catch it. He has always declined to publish his net worth, saying it is too wrapped up with the family fortune. Guesstimates run into tens of millions of dollars. Starting with the patriarch, Joseph Kennedy, who made many millions in an unregulated stockmarket in the 1920s, money has always lain at the heart of the Kennedy dynasty's power and influence.

Joseph Kennedy's millions bankrolled Boston politicians and gave him an entrée to Franklin Roosevelt; it allowed his son, Jack, to contemplate a successful run for the presidency aged 43; and it imbued his youngest son, Teddy, with a recklessness and arrogance which culminated in Chappaquiddick.

For a whole week after the accident, the world press waited for a statement from Teddy Kennedy. In that time, the best lawyers in Massachusetts were flown in to the family home in Hyannis: Robert McNamara, the Ford executive who became US Defence Secretary and the lead prosecutor of the Vietnam war; Richard Goodwin, President Lyndon Johnson's high-powered strategist; Ted Sorenson, JFK's gilded wordsmith, who forged the less than heroic public defence for Teddy which rested on the rhetorical question: is there "some awful curse overhanging the Kennedys?"

Kennedy: poor man's advocate

The aura created by wealth insulated the Kennedy family. It commanded a vow of silence from friends. And it shut down the grand jury investigation. In the end, it helped Teddy to avoid a manslaughter count and to escape with a suspended sentence for leaving the scene of the accident. It has also allowed him, 20 years on, to continue his career in the US Senate, where he now ranks fifth in seniority and has virtual life tenure in the family home state of Massachusetts.

Yet Chappaquiddick is also about the politics of redemption. Kennedy may well have lied about the aftermath of the accident at Dike Bridge. (A new book, Senatorial Privilege, claims, on the basis of an interview with Kennedy's cousin, that the senator mused aloud about making Kopechne the driver and sole passenger of the car, and swimming over to Edgartown to construct his alibi). Yet the senator has managed, despite the disgrace of 1969 and the defeat in the presidential campaign of 1980, to salvage something of a national political reputation.

The rich man has become the poor man's advocate. As chairman of the Labour and Human Resources committee, Kennedy has pushed legislation which has helped working people (including the re-training bill he shaped successfully with then-Senator Dan Quayle of Indiana). He has pushed child nutrition, plant-closing notification, and national health insurance. And he has mastered, with the help of first-class staff, detail of such diverse measures as immigration reform, as well as criminal code revision and airline deregulation. Only last week, a Kennedy-sponsored bill aimed at enticing skilled immigrants to the US passed the Senate by an overwhelming majority.

After more than a quarter of a century in the Senate, Kennedy is consistently rated as one of its most effective legislators. His booming voice can muster a liberal charge against conservative judicial nominees such as President Reagan's choice for the Supreme Court, Robert Bork; but he can also make the closed-door squeeze play such as the recent budget provision targeting dual ownership of TV stations and newspapers in major US cities – a measure aimed at Rupert Murdoch, who owned the hostile Boston Herald as well as the local TV station.

Much has been written about Senator Kennedy's refusal in 1984 and 1988 to run for the presidency. Some said at the time that his decisions came as a shock to Democrats looking for a national figure to challenge Ronald Reagan and George Bush. The truth is that after his defeat in 1980, at the hands of a weak incumbent Jimmy Carter, Kennedy knew he was a busted flush. He still may mumble about presidential ambitions but, in the last resort, he knows that his conduct 20 years ago deprived him of the greatest prize, the presidency – and with it, the restoration of the Kennedy dynasty.

Argentina set for prices deal

By Gary Mead in Buenos Aires

ARGENTINA'S government was last night due to sign a price freeze agreement with representatives of about 300 big companies, as part of an attempt to halt inflation running at more than 200 per cent a month.

The agreement has been the subject of fierce debate in both President Carlos Menem's Peronist administration and the industrial sector. Mr Miguel Roig, the new government's first Economy Minister (who died last Friday after less than one week in his post), had hoped to achieve a retroactive prices accord with the so-called "price-forming" companies, which would lower prices and fix them at their July 3 level.

However, Mr Nestor Rapanelli, who took over as Minister last Saturday, has announced that the agreement, intended to last three months, will fix prices at their July 15 level. Between July 3 and 15 prices of many consumer food items doubled and in some cases tripled. That has given rise to wage demands of an immediate 200 per cent and more from the bigger private sector trade unions.

In return for the industrial sector's undertaking not to increase prices, the Government has given an assurance that it will not adjust exchange rate policy or increase public sector tariffs, and that it will hold interest rates to relatively low levels.

Mr Jorge Triaca, Labour Minister, has said that while no wage increase ceiling is to be fixed for the round of settlements to be agreed by the end of July, agreements must last the same three-month period as the price freeze, up to the end of September.

Fresh setback for Brazil's fuel programme

BRAZIL'S embattled alcohol fuel programme has suffered another big setback in a confidential World Bank report to the Government that proposes the rapid winding down of production, writes Ivo Dawnay in Rio de Janeiro.

According to leaks of the Bank's working party on subsidies and taxes, the Proalcool scheme cost consumers an estimated $1.2bn (£740m) last year – the price in hidden subsidies including those aimed at making the fuel competitive with petrol products.

The World Bank report, submitted to the Planning and Finance ministries last week, is a preliminary evaluation of changes needed to adjust the Brazilian economy in the light of high inflation rates and a budget deficit which some fear may top 7 per cent of Gross Domestic Product this year.

The report is also understood to recommend an end to other subsidies, tax changes and efforts to liberalise trade.

OVERSEAS NEWS

Plight of Palestine's 'permanent temporary' refugees continues

Andrew Gowers on the people displaced by the 1948 Arab-Israel war

OF ALL the ritual pronouncements made by the United Nations General Assembly every year, one in particular seems as forlorn as it is persistent: that calling for the return of the Palestinian refugees displaced from their homes during the 1948 Arab-Israeli war.

For the last 40 years, with only Israel abstaining, the Assembly has reaffirmed that "the refugees wishing to return to their homes to live at peace with their neighbours should be permitted to do so at the earliest practicable date", and that those not choosing to go back should be compensated for the loss of their land and damage to their property.

Few of those governments voting for the resolution can now believe that there is any chance of implementing it. Yet the demand remains – a grim reminder of the world's oldest refugee problem, and arguably its most intractable.

These days, with international attention focused on events within the territories Israel occupied 22 years ago, the Arabs who were forced to leave the area during the 1948 and 1967 wars are an aspect of the Palestine conflict which is all too often overlooked.

Yet in many ways, the refugees living in "permanently temporary" conditions in Lebanon, Syria, Jordan and the West Bank and Gaza still constitute the immovable core of the problem. Their numbers have grown sharply – from an estimated 700,000 or so forced to flee in 1948-49 to some 2.3m registered refugees today.

All efforts to get Israel – itself founded as a refuge for Jews fleeing persecution in Europe – to take even some of them back long ago came to nothing; and although the more privileged refugees have been able to pay their way by working in the Gulf or other host countries, permanent resettlement in the Arab world is simply not an option for more than a few.

An understanding of why attitudes on both sides have remained frozen in this way is essential to any serious effort to resolve the Middle East conflict. But such an understanding has long been obscured by Israeli and Arab use of the refugees as a propaganda tool, and it is only in the last couple of years that scholars have been able to take a detailed and objective look at how the refugee problem arose.

The Israeli academic and journalist Benny Morris explains just how central this problem is – and how relevant to contemporary attitudes – in his book The Birth of the Palestinian Refugee Problem, 1947-49.*

The frequent Arab claim that the Jews premeditatedly expelled the Palestinian Arabs as part of a grand political design, he writes, "has served to underline the Arab portrayal of Israel as a vicious, immoral robber state." The Israeli version – that the Arabs fled voluntarily, or they ordered to leave by their leaders – helped the new state's image as "the haven of a much-persecuted people, a body politic more just, moral and deserving of the West's sympathy and help than the surrounding sea of reactionary, semi-feudal, dictatorial Arab societies."

THE PALESTINE REFUGEES

Country	1950	1988*
Lebanon	127,600	288,000
Syria	82,194	263,000
Jordan	506,200*	862,000
West Bank		381,000
Gaza Strip	198,227	453,000
Total	914,221*	2,245,000

*United Nations Relief and Works Agency figures for April. *Excluding 45,800 people in Israel who lost their homes and jobs and were the responsibility of UNRWA until June 1952. *Figures for Jordan in 1950 include those in the West Bank who totalled about 300,000.

So the largely sterile debate has gone on for 40 years. The truth, as Morris demonstrates, is a good deal more complex than either version.

To be sure, there had been plans within the Zionist movement, dating back before the 1940s, for the wholesale "transfer" of Arabs to guarantee a solid Jewish majority in a Jewish state. Certainly, there were brutal acts by both sides, and massacres perpetrated by extremist Zionist groups – most notoriously in the village of Deir Yassin – with the aim of frightening the Arabs out.

But the initial exodus was "born of war, not by design", and the history of intercommunal struggle during the previous 30 years or more gave it an air of tragic inevitability.

As Britain prepared for the ignominious abandonment of its mandate over Palestine in the late 1940s, Arab and Jewish populations were intermingled in hostility and fear; each side feared above all falling under the other's control; and Arab society was seriously weakened by divisions in its ranks.

Once the Arab armies invaded the Jewish state after its creation on a part of Palestine in May 1948, the die was cast for a conflict in which the refugees became the main pawns.

During negotiations in 1949, Israel refused to accept back more than a small number of refugees – and then only on condition that the Arab states agreed to direct peace talks.

The Arab regimes, weakened by defeat, could not bring themselves to contemplate resettling the refugees, a move which they saw as tantamount to accepting the status quo. Equally important, the refugees themselves refused the idea of integration into other Arab countries.

With the passage of time, the refugees' desire to return remains as tenacious as ever; in fact, the sense of identification with the land of Palestine has become even stronger among generations who have never set eyes on it – just as the long Jewish experience of dispossession and persecution helped create Israeli nationalism.

"Right of return" remains a key plank of the Palestine Liberation Organisation's political platform.

Unless each of these nationalisms, both forged from hardship, can stop viewing the other as an existential threat, it is hard to conceive of a durable settlement to the conflict. Crucially, that will involve both sides making concessions: the Palestinians must redefine the right to return so that it refers to the occupied territories rather than Israel proper; Israel must accept that there is a moral case to be answered.

Some observers in Israel and elsewhere fear the resurgence of intercommunal strife in the occupied territories is moving events in the opposite direction. On the Israeli right, calls are now heard for the mass "transfer" of Arabs – a move which would create a whole new wave of refugees.

* Cambridge University Press; £12.95.

A terrified Palestinian woman grabs her child as a fresh round of gunfire breaks out in the Shatila refugee camp in Beirut

Afghan massacre raises fears of rebel bloodbath

By Christina Lamb in Islamabad

THERE ARE fears of an impending bloodbath between rival Afghan resistance groups after a commander from Hezbi Islami, the fundamentalist party led by Gulbuddin Hekmatyar, massacred 30 members of the more moderate Jamiat Islami, including seven of their top commanders.

The Jamiat mujahideen from various northern provinces had been attending a meeting of the supervisory Council of the North. The council was set up last year by Ahmat Shah Massoud, a famous guerilla commander known as the Lion of the Panjshir, to administer the northern area where Jamiat is the strongest party. Aid workers and reporters who have recently visited the area say Massoud's organisation is among the most efficient in Afghanistan and boasts an 8,000-strong army.

After the meeting held at Massoud's headquarters in Farkhar in the northeastern province of Takhar, the guerrillas were returning to their provinces along the Talakhan road when they were ambushed by Said Jamal, a Hezbi commander. One Jamiat commander was killed and the others captured then brutally executed.

Jamiat leaders in the resistance headquarters of Peshawar have not yet decided what action to take, worried that publicity would only help the Soviet-backed regime of President Najibullah. However, one leading member said: "Hekmatyar can get away with this no longer. This time our commanders are out for blood."

There is a long history of rivalry between the two parties, each claiming to be the stronger militarily. Several of Hekmatyar's commanders have threatened they will kill Massoud if he tries to move on Kabul, though military analysts agree it would be impossible to take the capital without his co-operation.

Massoud is said to be furious by this latest attack, particularly as Said Jamal is known to be close to Hekmatyar. During the ambush, he was in radio contact with Hezbi headquarters and Hezbi sources admit it was done with the full understanding of the party, arguing "we believe Massoud has done a deal with the regime".

Western diplomats in Islamabad admit that the US-backed mujahideen are now fighting more among themselves than against the regime. One commented: "This is nothing new but it is the timing and the numbers that are worrying."

Immigration adds to Israeli unemployment

By Hugh Carnegy in Jerusalem

UNEMPLOYMENT in Israel has topped 9 per cent of the workforce, approaching levels not seen since the mid-1960s and underlining the economic difficulties facing the coalition government.

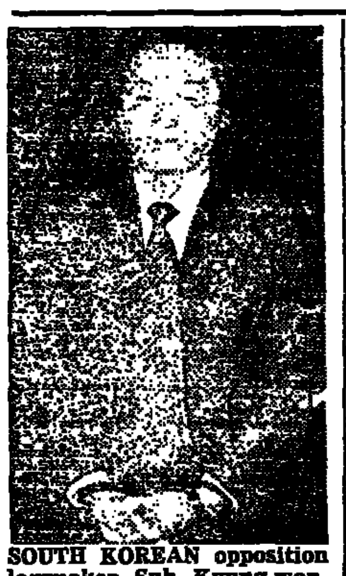
The Histadrut trade union federation has called a two-hour general strike on Sunday to protest at unemployment. Although the rate is not excessive by recent West European standards, it is sensitive in Israel because of the historical commitment to providing a livelihood for all Jews who want to live in the country.

A rise in immigration – mainly Jews from the Soviet Union and Argentina – after net emigration in some recent years, has added to the pressure on both jobs and public spending targets as the economy remains stagnant.

Unemployment has hit especially hard in so-called development towns, many heavily populated by recent immigrants, with levels up to 20 per cent.

Mr Shimon Peres, the Labour Party leader and Finance Minister, faces pressure for more government funds for the towns, as well as a request by Mr Yitzhak Rabin, the Labour Defence Minister, for more than $200m to defray the cost to the army of fighting the Palestinian uprising in the West Bank and Gaza Strip.

A Bank of Israel survey of companies this week showed the domestic slowdown had led to falling sales and output and rising redundancies in the second quarter. However, many companies recorded an upturn in exports.



SOUTH KOREAN opposition lawmaker Suh Kyung-won, pictured above, was charged with espionage yesterday for allegedly receiving $120,000 from North Korea and running for public office at its request, reports Associated Press.

In one of the most serious such cases involving a politician in South Korean history, the Agency for National Security Planning said Suh was turned over to prosecutors, who have 30 days to decide whether to indict him.

Ahn Ung-mo, deputy director of the security agency, told a televised news conference that Suh ran for a seat in the National Assembly on the orders of the North.

"Suh won a seat in the National Assembly under direction from North Korea, passed secrets to Pyongyang and staged various anti-government activities," Ahn said.

The largest opposition party, the Party for Peace and Democracy, expelled Suh after he was arrested and has accused the government of harassment for questioning party members.

China denounces 'interference' by G7

CHINA yesterday denounced the seven leading industrialised nations for "gross interference" in calling on Chinese authorities to stop their crackdown on protesters involved in the pro-democracy movement, AP reports from Peking.

The Group of Seven – Canada, France, Britain, Italy, Japan, the US and West Germany – included their comments on China in a communiqué issued halfway through their Paris summit.

"We urge the Chinese authorities to cease action against those who have done no more than claim their legitimate rights to democracy and liberty," it said.

More than 200 civilians were killed by official count when the army attacked crowds protecting the protesters. Western intelligence sources said up to 3,000 might have died. Thousands have been arrested nationwide since and the official news media have reported 12 executions directly linked to the protests.

The sharp response to the communiqué mirrored earlier Chinese reaction to sanctions imposed by some of the seven nations, including the US and France, after the Chinese army violently dispersed the protesters on June 3 and 4.

A front-page editorial in the Communist Party newspaper, the People's Daily, called on the Group of Seven nations to follow a value-free foreign policy based on economic and strategic considerations.

"The actions taken by the Chinese government have in no way offended the West or any other country," it said. "The problem arises simply because certain countries, out of their own likes and dislikes and their sense of value, have in a broad scope directly damaged China's interests and dignity with words and deeds."

The editorial said China has "global strategic importance and can provide an enormous market. The near-sighted practice of keeping China away from the world community may not only undermine world peace and stability, but hurt the interests of the Western countries as well."

Official Chinese news reports on the summit did not mention the relevant part of the communiqué, but the People's Daily editorial was read on the radio and the Xinhua News Agency issued a full English translation.

Abuse marks Gulf peace anniversary

By Andrew Gowers, Middle East Editor

IRAN and Iraq yesterday marked the first anniversary of Iran's acceptance of a ceasefire in the Gulf war with a fresh exchange of abuse which served as a reminder of the total lack of progress in United Nations efforts to build more than a fragile truce.

An Iranian Foreign Ministry statement read on Tehran radio accused Iraq of harbouring "expansionist dreams". It said Baghdad was blocking progress by continuing to occupy more than 800 sq m of Iranian territory and attaching unacceptable conditions to the ceasefire procedures.

"The Iraqi regime must realise that what it failed to achieve during war it will definitely not gain through peace talks," the statement added.

In Baghdad, President Saddam Hussein accused Iran of negotiating in bad faith. He also warned other powers against selling arms to Iran, reflecting Iraqi anxiety about a recent rapprochement between Tehran and the Soviet Union, Iraq's number one arms supplier. "Giving Iran weapons, in any quantity or of any type, encourages [it] to commit an adventure which threatens the region's security and stability," he said.

There have been no peace talks between the two countries since Mr Javier Pérez de Cuéllar, the UN Secretary General, presided over another abortive round in Geneva in April. He is believed to be awaiting the outcome of political changes in Iran before considering another try.

ANC sets bank campaign date

By Michael Holman

BANKS negotiating the rescheduling of South Africa's foreign debt will be the target of a protest campaign to be launched on October 4, the African National Congress announced yesterday.

In a statement issued after a two-day meeting in London attended by anti-apartheid organisations from Europe, North America and Asia, the ANC said the campaign's aim would be to stop the rescheduling of some $7.5bn owed to commercial banks by South Africa.

Pretoria suspended principal repayments on short-term loans worth $14bn in 1985, and negotiated two interim rescheduling agreements in 1986 and 1987. The current agreement expires in June next year, and new terms are being discussed.

"South Africa has never been more vulnerable to financial sanctions than at present," said the ANC statement: "Any further rescheduling would amount to an act of complicity with apartheid."

The launch of the campaign will be followed by a week of action starting on November 13. Specific measures are still being discussed by the organisers. They plan to enlist the support of banking trade unions, banks' customers, students, local and municipal authorities, religious and development organisations.

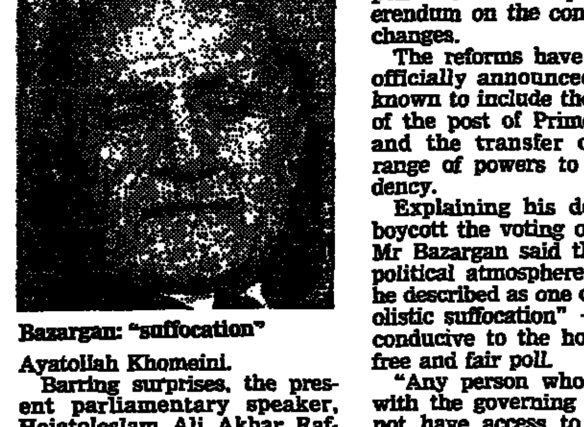
Bazargan attacks Iran's 'dictatorial' leaders

By Kamran Fazel in Tehran

MR MEHDI Bazargan, leader of Iran's only legal opposition group, the Freedom Movement, has launched an attack on the men who have been running the country since the death of Ayatollah Khomeini, accusing them in effect of giving themselves dictatorial powers.

In an interview, Mr Bazargan, a respected figure who was Iran's first Prime Minister after the 1979 revolution, heavily criticised proposed amendments to the constitution which are designed to create a powerful executive presidency.

He said the future president "would in practical terms be a dictator who will be not only immune to parliament but way above it," and that the new leadership – including the new revolutionary leader, Ayatollah Ali Khamenei – was being given greater powers than those enjoyed by the late Ayatollah Khomeini.



Bazargan: "suffocation"

Barring surprises, the present parliamentary speaker, Hojatoleslam Ali Akbar Rafsanjani, is certain to be endorsed as president in elections on July 28. But Mr Bazargan's movement, which has campaigned for democracy in Iran for three decades, is boycotting both the presidential poll and an accompanying referendum on the constitutional changes.

The reforms have yet to be officially announced, but are known to include the abolition of the post of Prime Minister and the transfer of a wide range of powers to the presidency.

Explaining his decision to boycott the voting on July 28, Mr Bazargan said the present political atmosphere – which he described as one of "monopolistic suffocation" – was not conducive to the holding of a free and fair poll.

"Any person who disagrees with the governing body does not have access to the mass media, and more important, there is no guarantee that the elections will be held honestly and according to law."

The Freedom Movement itself is under severe pressure, the former prime minister claimed. "Our members are harassed by the so-called revolutionary attorney's office; the telephones are bugged; we are not allowed to travel to the provinces in order to have meetings; the members are put under pressure to spy for the Ministry of Information; and our offices have now been closed by the revolutionary attorney for more than a year."

In any case, Mr Bazargan implied, the way the constitutional changes are being presented makes the referendum – involving one simple "yes" or "no" vote on between 30 and 40 articles – seem little more than a rubber stamp.

By way of contrast, he pointed out that in the first year of the revolution, the Islamic Republic's original constitution was presented for wide public debate before being submitted to a plebiscite.

Typhoon kills 23 in Philippines

Typhoon Gordon killed 23 people and made thousands homeless as it hit the northern Philippine island of Luzon causing floods and landslides, writes Reuter from Manila.

Typhoon Gordon was forecast to hit the South China Sea coast near Hong Kong early today.

Red Cross spokeswoman Tessie Pena said 10 people drowned when floods swept Bangar municipality in La Union, one of the dozen provinces hit by the typhoon on Sunday.

Nine people were killed when landslides hit several houses and three people drowned in Benguet province.

Pena said about 8,000 families were affected at the height of the typhoon, which gusted winds of up to 205 kph

Japanese socialists test the 'Madonna strategy' in Nagasaki

The JSP hopes a woman can defeat the ruling Liberal Democrats' candidate in a formerly safe seat, reports Robert Thomson

AT 71, Ms Toshiko Shinozaki could be the future of Japanese politics. The retired school teacher with a purple rinse, who attributes her vigour as a Japan Socialist Party candidate to deep breathing and poetry recitation, has won enough support among ordinary folk in Nagasaki for the ruling Liberal Democratic Party to admit that it could lose the once safe seat at this weekend's election.

Nagasaki is a crucial electorate. It is a single-seat showdown between the two largest parties in an election made all the more complex in many other electorates by multi-seat contests. And, bearing in mind Ms Shinozaki's age, it is a crucial test of the JSP's "Madonna strategy", the use of women candidates in a traditionally male-dominated political system and society.

An LDP broadcast van doing circuits of the streets around the JSP campaign headquarters in Saseho was a symbol of the ruling party's concern. The van carried large signs urging a vote for the LDP candidate, Mr Hiroshi Miyajima, but made no mention of the party itself, apparently attempting to distance the candidate from the scandals that have plagued the party elite back in Tokyo.

Typical of other LDP offices around the country, the Nagasaki branch has not bothered to invite Mr Sousuke Uno, the Prime Minister, to lend a campaigning hand, for fear that his presence will do more harm than good. And typical of swing voters in other parts of Japan, local people say they are voting against the LDP as much as for Toshiko Shinozaki.

Ms Shinozaki admits that disillusionment with the LDP is prompting long-time conservatives to vote Socialist, and concedes that her party's policies, particularly an outdated foreign policy and under-developed economic policy, are in need of reform: "The Socialist Party has had the same policies for many years, and we can change the old policies once we get into power. They have to be revised gradually, step-by-step."

As with so many electorates, support in the election for half of the Upper House, the House of Councillors, has depended on the candidates' ties to various industry and interest groups. Ms Shinozaki has the support of the teachers' union and most other unions, and, presumably, of some of the 1,812 primary school children she taught in a 34-year career from 1937. Mr Miyajima, the LDP candidate, has the support of the area's farmers, having been a head of the regional agricultural co-operative.

The LDP fears Mr Uno's presence will do more harm than good

The LDP campaign manager, Mr Kyohei Hara, who also heads the Nagasaki farmers' co-operative, estimates that the party needs 260,000 votes to win, and is counting on virtually all of the 130,000 farmers in the electorate to vote LDP. He explains that Mr Miyajima opposes LDP policy on agricultural reform, which is opening the market to foreign competition, and on the consumption tax, which has angered urban and rural dwellers.

Those unpopular policies, combined with the taint of the Recruit financial scandal and the prime minister's much-publicised sex life, have made it "a little embarrassing" to put the LDP name on campaign vehicles, Mr Hara said. He suggests that the age of Ms Shinozaki is an advantage for the LDP because she is "so old that people don't expect much from her".

The Socialist Party aside, the LDP campaign is complicated by one unknown but influential variable: Mr Soichiro Matsutani, who unsuccessfully sought pre-selection for the party and is now standing as an independent with the backing of the local doctors' association, architects and construction companies. Mr Matsutani, expected to win some of the anti-LDP protest votes, is a former director-general of the Construction Ministry, and envisages a big role for construction companies in his plans for the "renewal" of Nagasaki.

Unfortunately for Mr Matsutani, one of his claims to fame is an affair with a well-known cartoonist that was written about widely several years ago by the country's tackier tabloids. The cartoonist is famed for her stories for young girls, and while the candidate agrees that the affair made him a celebrity and has prompted a local women's group to advocate a vote against him, he argues that his policies to lift the profile of Nagasaki are far more important. At present, the prefecture rates 44 out of 47 prefectures in per capita earnings.

Opposition candidates wonder where the LDP money is coming from

The LDP machine in Nagasaki lacks the influence of the party's branch in another important single-seat contest in Yamanashi, west of Tokyo, the home prefecture of the party king-maker and numbers man, Mr Shin Kanemaru. Yet if the LDP loses Yamanashi, it will be a great loss of face for Mr Kanemaru, whose skilled prefectural pork-barrelling is seen by the party's opponents as a significant obstacle to victory. He has promised a new high-speed-rail test track in the area.

Mr Kanemaru's backing has been for Mr Tetsuro Shimura, a 63-year-old former bureaucrat in the Science and Technology Ministry. The LDP campaign has been expensive and impressive, with 20 full-time workers in a head office based in a car park in Kofu, the prefectural capital.

Then there are hundreds of members of a Yamanashi LDP supporters' "confederation," who have been ringing friends and friends of friends and urging them to vote for the "safety of freedom" in Japan.

Like opposition candidates around the country, Mr Shimura's major opponent, Osamu Isomura – officially standing for Rengo no Kai, the new trade union party, but also backed by the JSP – has wondered where the LDP money is coming from. The ruling party had complained about a fall in donations due to the spate of recent scandals. The Rengo campaign manager, Mr Yoichi Hayakawa, said Mr Kanemaru's machine has sizeable corporate backing because of his success in diverting public works projects to the area.

"Yamanashi is a conservative kingdom, so it will be very interesting if the LDP loses," Mr Hayakawa said. Rengo and the LDP agree that the vote will be close, with the LDP admitting that it intensified the campaign because of a sense that the party was falling behind.

Clearly, the election will also be an important test for Rengo no Kai, which likes to see itself as "glue" holding the disparate opposition parties together, and is fielding 12 candidates in its first electoral outing.

WORLD TRADE NEWS

Concern at foreign control of US airlines

THE US Transportation Department and a congressional committee are looking into the increasing sales of stock in US airlines to foreign carriers, AP reports from Washington.

Foreign airlines already have minority interests in America West, Hawaiian, Continental and Delta airlines. KLM Royal Dutch Airlines has a $400m (£235m) share in the planned takeover of Northwest Airlines by a California investor.

"It's a phenomenon coming on like a train," Sen. John McCain told a Senate Commerce, Science and Transportation Committee hearing. The committee is considering a bill to require Transportation Department approval for all airline acquisitions.

The proposed takeover of Northwest's parent company, NWA, by Wings Holdings, headed by the Los Angeles businessman, would be the first leveraged buyout in the airline industry.

Mr Jeffrey Shane, assistant Transportation Secretary, acknowledged growing concern in the department about foreign investments in US airlines. The law limits foreign ownership of airlines to 25 per cent and does not allow more than one-third of the board membership to be foreigners. But, Mr Shane said, control, not share of ownership, is the critical issue.

Ansett Airlines of Australia has a 20 per cent interest in America West, a subsidiary of Japan Air Lines owns 20 per cent of Hawaiian Airlines, and Scandinavian Airlines System controls 9 per cent of Continental, he added. "There's nothing inherently wrong with these acquisitions. But the worry is when foreign airlines exercise more control than US airlines."

Japan trading groups face new challenge

Push is on for offshore business involving third countries, Peter Montagnon writes

ONE OF the proudest current boasts of Japanese policy makers is the way in which they have managed to wrench their economy round to a position where it is more dependent for growth on domestic demand than on exports.

This fundamental shift has been welcomed elsewhere as one essential ingredient in any scheme for curbing the country's huge trade surplus.

Yet it has produced a new set of challenges for the general trading companies which traditionally wield a powerful influence on Japan's external trade.

Executives from the *Sogo Shosha*, as the trading companies are called, say they have had to adapt to the de-emphasisation of exports in two main, though diametrically opposed ways.

On the one hand, their business in the Japanese domestic market is increasing in relative terms; on the other, they are pushing offshore business which involves trade between third countries outside Japan.

According to Mr Toshihiro Koizumi, Mitsubishi Corporation General Manager for Marketing and Co-ordination, the results of this trend already show up in the figures of the leading *Sogo Shosha*.

Their total trading volume has fluctuated little, rising from Y13,563.9bn (£59bn) in 1985 to Y14,189.4bn. But as the accompanying chart shows, domestic market activity rose to 45.4 per cent of their collective turnover in the year to March 31 from 33.6 per cent five years ago. The share of offshore business also rose to 23.2 per cent from 19.1 per cent while that of importing and exporting from Japan declined.

Tapping the domestic market has not been easy, as Mr Koizumi explains, especially for trading companies traditionally dedicated to large wholesale dealing.

It means taking a fresh look at the product mix, adding more consumer and high technology goods and services, and studying ways of getting into the retail distribution system in Japan, an area where the trading companies are notably weak.

"We are now studying how to penetrate this market – whether we should start organising our own network from scratch, or go into joint ventures with established companies, or take over existing organisations," he says.

"We are not good at retail marketing," adds Mr Hideya Taida, Marubeni Corporation's International Department General Manager. Though most trading companies are trying to move downstream, "the switch has not yet been successful."

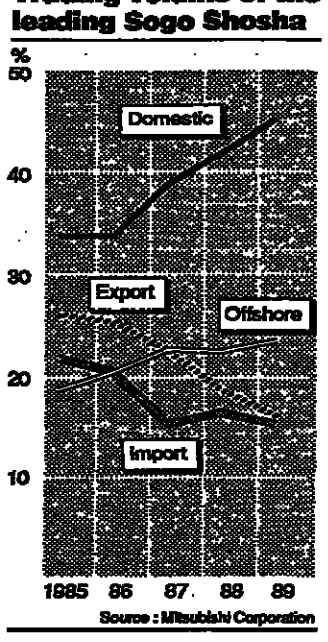
In contrast, he says, Marubeni Corporation earned record profits last year from its real estate and construction division which is a leading supplier of housing in Japan and is profiting from the domestic boom to promote leisure facilities and regional development projects.

Mr Taida says that one factor behind the shifting business focus of the trading companies has been the overseas investment surge which has seen Japanese production move abroad.

At one level, this is depriving the companies of opportunities. For example, Marubeni has been traditionally an active importer and distributor of Nissan cars in countries such as the US and Belgium, as well as the Middle East and Africa. But with the establishment of production in the UK, "the function of handling this export of cars is decreasing".

One response has been for the trading companies to climb aboard the investment bandwagon themselves by helping small and medium-sized component suppliers invest abroad.

Trading volume of the leading Sogo Shosha



Source: Mitsubishi Corporation

Mr Taida cites the case of Sanko Plastic, which supplies the electronic consumer goods industry. Marubeni helped it set up a plant in the UK in which it took a 30 per cent stake.

Similarly, Mr Mitsumi Hashimoto, newly returned to Tokyo after a three-year spell as Sumitomo Corporation's General Manager for Europe, helped another plastic moulding company, Tenma, establish a plant at Cumbernauld in Scotland. Sumitomo's medium-term aim is to derive half its turnover from investment activities such as this.

Trading companies with their network of overseas offices are well-placed, he says.

What has proved to be a fundamental shift in the direction of Japanese export policy has been welcomed elsewhere as an essential ingredient in any scheme for curbing the country's huge trade surplus

"We are in an excellent position to know the legal system in each country, we have a language capability, and we have a lot of accumulated experience."

Sumitomo has helped Fiat of Italy establish a joint construction machinery company with Hitachi and is now agent for distributing the resulting product in Europe, he says. It is also keen to promote technology transfer to Japan where it acts as agent for organisations such as the Atomic Energy Authority.

The large overseas networks of the trading companies – Mitsubishi alone has 170 overseas offices – also means that they are in a good position to develop third-country trade. Among the areas viewed as potentially lucrative in this respect is East-West trade.

Although Japanese businessmem frequently express a degree of caution about the durability of glasnost and perestroika, Mr Taida says that Marubeni's Soviet business recorded a record turnover of almost $800m (470m) last year.

Mr Hashimoto says Sumitomo has not only been involved in selling Soviet cars to Latin America, it has also managed to organise trade in chemicals between two East Bloc countries – Romania and the Soviet Union.

This unusual feat was possible both because of the company's long-standing expertise in the region and also because it was structured in a way that yielded hard currency rather than Roubles for the Romanian seller.

Also, East European products can sometimes be incorporated in Japanese-engineered plants being built in the Soviet Union.

Trading company executives say they want to do more to represent foreign companies in major projects as part of their efforts to expand third-country trade. Mr Taida says Marubeni has already represented Babcock Canada as the main supplier of a power plant in Thailand.

Japanese companies are also well placed in such business because of their grip on their country's rapidly expanding aid budget.

It is an open secret in Tokyo that the trading companies play a major part in originating development projects financed with Japanese aid, partly because they have many more staff on the ground in developing-countries than the government ministries whose job is actually to disburse the money.

The rising aid budget has boosted the trading companies' turnover, but life has simultaneously been made more complicated for them by an *increasing tendency for aid* funds to be untied from Japanese exports.

Most of Mitsubishi's offices in Africa rely on aid flows for a large part of their business and the question of how far Japanese aid is tied is a very sensitive one. "If we can't pick up the fruit, then we have to close our offices there," says Mr Koizumi.

Turkish hotels forced to cut tariffs

TURKISH tourism, well into the vital summer season, is floundering under an over-supply of accommodation in the general downturn for Mediterranean and Aegean resorts, Jim Bodgener reports from Ankara.

The Turkish press is replete with advertisements from hoteliers desperately seeking to cover costs with cut-price tariffs – while others are already putting down their prices for the 1990 season.

The warm spell in Europe has combined with leaner pockets to keep more people at home for their holidays.

The Turkish industry has not been hit more than other Mediterranean destinations – but the trough has come when it is the least experienced, structured and amortised.

There would still be a 25 per cent increase in 1989 on the 4.1m who came in 1988 – but the number of licensed beds would increase by around 60-80 per cent to total 200,000, said Mr Ferit Epikmen, the president of Tursab, the Turkish tour operators' association. That meant smaller slices of business all round.

According to government figures, the number of tourist arrivals had increased in January-May by 8.8 per cent to 1.29m compared with the first five months of 1988.

Over-capacity seems most acute in five-star, luxury establishments.

To amortise expensive construction costs in remote locations, the prime Turkish tourism developers mistakenly over-concentrated on this end of the market, amassing 40,000-50,000 of the total number of beds. This compares with about 10 per cent of the total 800,000 in Greece.

Sharp fall in EC telecom surplus

By Terry Dodsworth, Industrial Editor

THE European Community suffered a sharp deterioration in its trade surplus in telecommunications products last year, largely due to the boom in imports of facsimile machines from Japan.

The figures, contained in a report from the European Commission's Telecommunications and Information Industries Directorate, show that the Community's external trade surplus in the telecommunications sector amounted to only Ecu 100m (£65m) in 1988. This was much lower than previous estimates had suggested.

It will also come as a surprise to the industry, which is generally regarded as the only strong electronics-based sector in Europe.

According to the report, the deterioration in the trading position has partly emerged because of the use of a new statistical base which imposes a more conservative interpretation of what constitutes telecommunications equipment.

Because it was impossible to compare this base to the previous data, the report said that it could only give a rough estimate of the deterioration in the surplus last year.

However, it indicated that only about half of the decrease from a positive balance of Ecu 1bn in 1987 to Ecu 0.1bn last year was explained by the difference in the statistics. The rest could be put down to a poorer trade performance, it said.

The report comes at a time when the French electronics industry, supported by Philips in the Netherlands, has been arguing strongly for more restrictions on high-technology Japanese imports because of the impenetrability of the Japanese market to European telecommunications exports.

It is likely in particular to focus attention on demands for Japanese companies to set up European production for facsimile machines, an industry which is dominated by Japanese manufacturers, and where indigenous European groups are almost totally absent.

However, the report itself gave more importance to the issue of making the European market more competitive. "The emerging importance of such markets confirms the continuing need for EC policy to emphasise increased integration and competition in the Community as a means of encouraging European innovation and competitive performance," it said.

The deficit with Japan, which imported only Ecu 50m of European telecommunications products last year, amounted to almost Ecu 1.2bn – more than twice the imbalance with the US.

Europe was in slight surplus with countries of the European Free Trade Association countries, but built up a deficit of Ecu 156m with the South East Asia area, remaining in surplus overall only because of the Ecu 1.7bn positive balance with the rest of the world.

The UK, where liberalisation of the equipment market in the early 1980s has been followed by a strong surge in imports, had the largest external deficit of Ecu 546m. West Germany had the biggest surplus, at Ecu 605m. Across the Community, the deficit on facsimile machines amounted to Ecu 649m.

Govan wins liquid gas carrier deal

By Karen Fossli in Oslo

NORWAY'S Kvaerner Shipping, a member of the Kvaerner industrial group, has contracted the Govan yard of Scotland to build a 56,000 cubic metre liquefied petroleum gas carrier which is to be delivered by January 1992 and registered in the Norwegian International Ship registry.

The Kvaerner group bought the Govan yard from British Shipbuilders last April for £6m ($9.6m).

The order is the third of its type to be placed by KS since Kvaerner's acquisition of the Govan yard. Two, 56,000 cubic metre gas carriers, are currently under construction for a consortium comprising Kvaerner Shipping and Havtor Gas Partners of Norway, in which it has a 58.5 per cent stake.

They are to be delivered November 1990 and June 1991. The newest ship will join the Myhre Havtor pool of LNG ships to be managed by Rederiet Helge R Myhre, a KS subsidiary.

Separately, KS took delivery of the first of two 52,000 cubic metre gas carriers which it acquired from Britain's Bibby Line earlier this spring. The second is for delivery by mid-August.

Sale of missile device to India banned by Bush

THE BUSH Administration has decided to ban the sale to India of an advanced device which it fears could be used to develop ballistic missiles, according to a US newspaper report yesterday, Reuter reports from Washington.

The Administration has also expressed concern to France about reports of an offer to sell advanced rocket technology to Brazil, the Washington Post quoted US officials as saying.

The decision to deny a licence for the sale to India of a missile-testing system was made after an intense debate within the US government that began two years ago, it said.

At issue was a $1.2m Combined Acceleration Vibration Climatic Test System used to put re-entry vehicles under simulated stress, which the newspaper said was being sought by India.

PO letter service grows but strike costs £40m

By Terry Dodsworth, Industrial Editor

THE POST Office workers' strike in September cut the group's profits by about £40m last year but does not appear to have undercut the long-term trend towards increased use of the letter service.

Presenting the group's figures for last year, Mr Ken Young, vice-chairman, said that they showed a well managed recovery from the dispute. The Post Office was handling 54m letters a day, well up on the same period a year ago.

Pre-tax profits in the period to the end of March were down by 20 per cent to £169.7m against £212.2m in the previous year, although turnover rose by just over 3 per cent to £3.9bn. The letters and parcels division, however, saw a *decline in its profits from* £151.3m to £107.9m.

Mr Young said that continuing profitability for the Post *Office, which is to increase the* price of first and second-class stamps by 1p in September, was essential to fund the group's ambitious capital investment programme.

Expenditure is to be doubled to £1.3b over the next five years to cope with the expected expansion of activity and to allow improvements to the service.

The Post Office has already announced plans to resume Sunday collections in October at selected sites, and said yesterday that it was expecting a 20 per cent increase in mail growth over the next five years.

It is also looking at the question of Sunday deliveries, although it does not believe at present that there is any great *demand for that.*

In spite of the fall in profitability last year, the company was able to repay all of its *long-term debt to the Government*, which had stood at £170m. That resulted in a sharp fall in interest payments last year to £7.3m from £15.1m.

The pre-tax trading profit figure, however, was struck after receiving interest payments of £54.5m on short-term funds compared with £41.2m in the previous year.

Mr Young claimed that the dispute had led to an underlying improvement in the staffing arrangements in the letters service, where the number of days lost as a result of unofficial industrial disputes had dropped to about 6 per cent of those lost in the same period of *the previous year.*

After the £30m pay deal that brought a settlement to the strike, the company had been *able to achieve greater flexibil*ity in solving service difficulties through the use of pay supplements in London and *the south-east.*

Girobank earnings down 8%

By David Lascelles, Banking Editor

GIROBANK, the Post Office's banking subsidiary, which is in the process of being acquired by Alliance and Leicester Building Society, suffered an 8 per cent fall in profits last year.

According to the bank's annual report yesterday, pretax operating profit was £21.6m, down from £23.5m the year before.

Mr Malcolm Williamson, the managing director, blames the fall on delays in implementing the bank's costly new computer system, and on resultant higher costs.

The bank also decided to more than double its provision for bad and doubtful debts from £5.7m to £11.9m because of the impact of high interest rates on personal lending.

The result represented a return of 16.6 per cent on mean net assets, falling short of the government's target of 20 per cent.

Girobank is paying a total dividend of £2.1m, unchanged from last year.

The bank's shareholders funds amount to £100.4m, compared to a bid price of £130m from the Alliance.

The bank said it expected the sale to go through this summer.

The sale will now probably exclude Girobank's company lending and leasing business because building societies are not allowed to lend to the corporate market.

Kalamazoo cuts another 150 jobs

By Richard Tomkins

KALAMAZOO, the office stationery *and business* systems company, is to make 150 workers redundant in an attempt to reverse the losses that emerged in *its last half*-year results.

The redundancies will fall mainly among white-collar employees, with 92 jobs going at the company's Birmingham headquarters and about 60 at its sales offices around the UK.

Kalamazoo, which makes paper-based filing and accounting systems, employs about 1,500 people. It has been wrestling for several years with the proliferation of personal computers and the trend towards *the paperless office.*

Nearly 100 production workers were made redundant last year and the company had hoped that they would be the last compulsory job losses.

However, profits of £612,000 turned into losses of £2.3m in the six months to January, and the company warned that it was unlikely to make a profit for the full year.

Mr Tom Garnier, Kalamazoo's chairman, said yesterday that the latest redundancies were to cut overheads.

Solicitors criticise multi-party aid plan

By Robert Rice

THE LAW SOCIETY has criticised plans by the new *Legal Aid Board to give aid to* groups fighting multi-party actions for compensation over disasters or harmful drugs.

The society, the professional body for solicitors, considers the board's plans too restrictive and unlikely to benefit those launching the often complex and expensive cases.

Unless multi-party actions are co-ordinated, duplication of work and delay follow, with substantially higher costs.

The difficulties faced by *claimants were highlighted by* recent litigation over Opren, the anti-arthritis drug, where many of the potential 1,400 *claimants were faced with* being unable to pursue claims because their means were just above legal aid limits.

Under the board's proposal, the board would have the right to contract with a single firm of solicitors, or a lead group of firms, to receive legal aid and have the conduct and control of the action - including obtaining expert evidence and giving advice on settlement for all those involved.

However, the society, which handed over the running of the legal aid system to the new board on April 1, says the *scope of the multi-party* arrangements put forward by the board is too narrow. They should be extended to housing, nuisance and product liability cases, not limited to drug damage and disaster cases.

The board would also need to devise a way for early identification of consumer or drug problems, thereby avoiding duplication of work by solicitors and unnecessary grants of legal aid to individuals.

The society said it was disappointed that the board had not gone further to relax the means test and the rules about the "statutory charge" – the clawback from any *assets* recovered by court action. That would still leave many people unable to afford to bring a case.

The board's "franchising" plan for a streamlined legal aid system for solicitors also came under attack from the society yesterday.

It said the proposed financial threshold for entry to the franchising system might exclude three quarters of the 11,500 solicitors' offices who carry out legal aid work.

Jute case focuses on preference shares buy

By Richard Waters

POLICE investigating suspected insider dealing at Titaghur Jute – shares in which trebled in value during May – are believed to be focusing on a purchase of 15 per cent of the group's outstanding preference shares.

The purchase of the cumulative preference shares, by Mr John Stephen Brealey, was notified to the Stock Exchange *on 23 May.*

Four days earlier, on May 19, the company announced that its chairman, Mr Reginald Brealey, had been cleared by the State Bank of India to acquire 29.9 per cent of the company's ordinary shares.

The State Bank's approval was necessary, as the sale meant that majority control of the company passed from Indian nationals back to Britain.

The announcement removed the threat of the forced sale of the shares – which Mr Brealey had contracted to buy last October – and led to a sharp increase in Titaghur Jute's share price from under £6.00 to £18.00 during May.

The shares were finally suspended at £16.88p at the end of June, after an investigation by the Stock Exchange's insider trading group into the company.

Mr Reginald Brealey, who is also chairman of Sheffield United Football Club, was arrested by Lincolnshire police at the end of last month, but was later released without being charged.

The police also arrested and released without charge Mr Brealey's assistant, who has not been named.

The police said yesterday that their investigations were continuing, and that the two men were released on bail to reappear on 26 July.

Titaghur Jute was the stock market's top-performing share in 1988 – rising in value six-fold during the year.

It made a loss of £5.6m on turnover of £29m in 1987, the most recent year for which figures are available, and had a deficit carried forward of £38.4m.

Its share price took off after the closer involvement of Mr Brealey, who pledged himself to reorganising the *company's four jute mills near* Calcutta.

Dalgety chief executive leaves unexpectedly

By Lisa Wood

MR TERRY PRYCE, chief executive of Dalgety, the food and agri-business group, is to leave, it was unexpectedly announced yesterday.

Mr Morris Warren, managing director with responsibilities for the UK, will become group managing director with worldwide responsibility for the group's affairs, reporting to Sir Peter Carey, the group's chairman.

Mr Pryce, aged 55, joined Dalgety 19 years ago and has been chief executive for the past eight years. The company gave no indication where Mr Pryce was going.

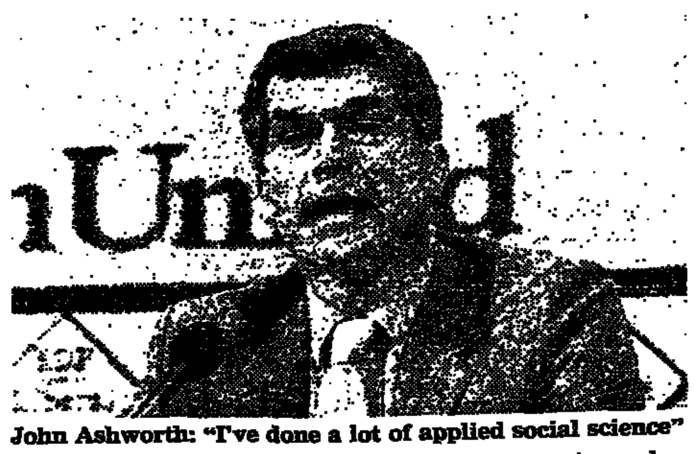
Scientist takes the helm at LSE

David Fishlock meets a man who will break a 94-year tradition

FOR THE first time in its 94-year history, the London School of Economics is to have a professional scientist as director.

Professor John Ashworth, 50, a biochemist and co-author of a book called The Slime Moulds, will become the LSE's tenth director in October next year, in succession to Dr I. G. Patel, the Indian economist.

The post was not sought, says Prof Ashworth, who has been vice-chancellor of Salford University since 1981. "But the more I thought about the invitation, the more intrigued I became."



John Ashworth: "I've done a lot of applied social science"

LSE, part of London University, is similar in size to Salford, but social sciences account for all of its studies (except for mathematics), whereas at Salford nearly three quarters of its studies are of natural sciences.

Prof Ashworth says LSE seems to offer the chance to extend his experiments in technology transfer from academia into industry and in integrating a provincial university with local industry and the community. As he sees it, the LSE will afford an opportunity for national and even international experiments of this kind.

Before Salford, Prof Ashworth had moved from Essex University to Whitehall in 1976, as chief scientist to the Central Policy Review Staff, the Cabinet Office think tank set up by Lord Rothschild in 1970. He was on a two-year secondment, initially retaining some research students, but stayed to become a civil servant.

His forthright and articulate views on the failure of the British science community to follow its inventions and discoveries through to a successful commercial conclusion won enemies as well as friends in high places. He failed to *impress the Royal Society but,* in 1978, he scored a conspicuous success in persuading Mr James Callaghan, then Prime Minister, of the importance to British industry of the microprocessor.

In 1981 Prof Ashworth left for Salford, saying he wanted to try out the lessons he had learned in London, but to be somewhere far enough away not to be drawn too easily back into giving Whitehall advice. "The problem with policy-making in the abstract is that it can lead you into some kind of fantasy world."

Whitehall, however, had the last word, for it axed the budget of the incoming vice-chancellor, among others, so that his immediate concern was whether Salford could survive.

He persuaded about 200 academic staff to take early retirement but also engineered a scheme that helped them to find re-employment through a subsidiary company called Salford University Business Services, a key component of the university's success.

The subsidiary has also helped to launch what Prof Ashworth believes is a novel solution to the British difficulty over technology transfer. It planned the submission that has won for Salford – against strong opposition – a research centre devoted to advanced robotics, launched last year with substantial government aid.

"We sat round and said if it's true that we're good at research but not at development, this must be a statement about managerial competence. So we need a managerial solution." He firmly believes that the research centre will prove a better way of transferring new technology to industry than the Government-backed Interdisciplinary Research Centres sprouting on many British university campuses.

Eight years after he arrived, Salford University is on a relatively sound financial footing and one of the least dependent of British universities on direct handouts. Its task now is to maintain its income, for it has not lacked imitators in harnessing and exploiting more commercial sources of funds.

As for its academic record, the number of students gaining first-class degrees has tripled since the mid 1980s. A simple definition of good management is achieving above-average results from average or below-average inputs, says Prof Ashworth. He believes most people operate "one degree under" and the trick is to identify potential they never knew they possessed.

He admits he has turned down invitations to restore the financial health of other universities. "It's very exhausting," he says. "One of the characteristics of the LSE is that demonstrably it does not need this."

What he believes the LSE offers is a golden chance for him to return to the government policy-making scene he left in 1981. He has already been made aware that some are uneasy at the idea that the LSE will have a director unqualified in social sciences. *But he contends that in fact he* has been practising social science for the past 15 years, first at the Cabinet Office and then in an inner-city area which, in the 1980s, has seen structural changes of a remarkable kind. "I like to think that I've done quite a lot of applied social science."

Universities to study nature of brain drain

By David Thomas, Education Correspondent

UNIVERSITY vice-chancellors are to monitor the quality and extent of the academic "brain drain," as well as the reasons why some top academics are leaving the UK.

Ministers and their critics disagree about whether the exodus of academics from the UK creates a serious difficulty for universities.

Mr Robert Jackson, Higher Education Minister, wrote to Sir Edward Parkes, chairman of the Committee of Vice-Chancellors and Principals, this month asking the committee to carry out a study of the issue.

The minister believes the matter is exaggerated, as over the past eight years there has been a net inflow of academic staff into universities from jobs or study overseas.

Sir Edward has told Mr Jackson that the universities intend to study the brain drain as part of new monitoring arrangements of the recruitment and retention of academic staff.

They also wanted to study the quality of academics leaving the country, as vice-chancellors believe that to be the main issue.

In 1987, the latest year for which figures are available, 199 academics entered the UK and 191 left, but there was a net outflow of 10 professors and 20 readers and senior lecturers.

Sir Edward told Mr Jackson that senior academics were leaving the country because of declining library and laboratory provision, Government hostility to the universities and poor pay.

"Perhaps we should try to monitor not only where our brightest colleagues are going, but why," Sir Edward wrote.

Tube ticket gates are safe, independent consultants find

By Kevin Brown, Transport Correspondent

THE CONTROVERSIAL automatic ticket barriers on London Underground, which have provoked angry reactions from many passengers, were cleared on safety grounds yesterday in a report by independent consultants.

Mott MacDonald, consulting engineers, said the Underground Ticketing System (UTS) was "basically suited to *safe operation*." They dismissed claims that the gates would prevent passengers from leaving Underground stations *in an emergency, such as the* fire at King's Cross in 1987, which killed 31 people.

London Regional Transport, the state-owned company responsible for London's bus and underground services, commissioned the report after criticism of the gates by witnesses at a public inquiry into the King's Cross disaster.

The report says the gates do not increase fire or electrical hazards and provide better evacuation routes than the manned barriers they replaced. The gates are even safer than an open station as they provide a method of crowd control, the report says.

Mott MacDonald said they were impressed by the care and enthusiasm of senior staff, and concluded that fitting the *system was "an awkward task* which has generally been achieved notably well."

However, they make 60 recommendations for changes to the design, installation and layout of gate equipment, and to maintenance and staff training arrangements.

London Underground *said it* would put all the recommendations into action, except the installation of emergency opening buttons for passengers.

Underground managers say emergency buttons would be open to abuse – they intend to install alarm buttons instead. Those would enable passengers to attract the attention of staff, who would then open the gates.

Mr Wilfrid Newton, chairman of LRT, said the report *should reassure passengers* that the gates were safe. Mr Michael Portillo, the Transport Minister, said most of Mott MacDonald's recommendations would be implemented within 12 months at a cost of between £5m and £10m.

Aberfan pit closure will cut 526 jobs

By Maurice Samuelson

MERTHYR VALE colliery, the oldest surviving colliery in Wales, is to close with the loss of 526 jobs because of mounting losses and bad geological conditions.

In 1966, one of the colliery's spoil tips collapsed on to the village of Aberfan, killing 144 people, including 116 children.

British Coal said the pit last made a profit in 1979-80, and its aggregated losses had since reached £33.5m. It lost £7m last year and £830,000 had been lost in the first three months of the present financial year.

The closure, which is subject to approval by British Coal's main board, is a bitter blow to the workforce, which had hoped for another chance to reach a weekly output target of 8,000 tonnes of coal.

Mrs Glenys Evans, mayor of the tightly knit communities of Merthyr Vale and Aberfan, described the decision as "devastating." Nearby Trelewis drift mine is also set to close next month.

Merthyr Vale was sunk between 1869 and 1873. It produces about 400,000 tonnes of coal a year for the Phurnacite briquetting works at Aberaman.

Its closure would leave the *Welsh coalfield with only* seven working collieries, compared with about 100 when the industry was nationalised in *1947 and 28 before the 1984-85* miners' strike. It would reduce British Coal's national mining workforce to just over 73,000, compared with more than 700,000 in 1947.

After the Aberfan disaster, a tribunal of inquiry strongly criticised the National Coal Board and led to the introduction of the first national practices for maintaining colliery waste.

Other pits in South Wales lost £14m in the past three months and the future of Oakdale colliery in Mr Neil Kinnock's Islwyn constituency, Gwent, is also in doubt.

Discussions on that colliery's future are expected to be held next month.

Mr George Rees, South Wales general secretary of the National Union of Mineworkers, last night accused British Coal's area manager Mr Terence Wheatley of "doing a hatchet job."

He said: "Merthyr Vale has been the second-best performer in the coalfield, so what is going to happen to the others?"

Miners at Merthyr Vale said large reserves of high-quality steam coal would be abandoned if it were closed. Male unemployment in the Merthyr area is at 15.6 per cent.

Land Rover seeks 200 workers for new vehicle

By Richard Tomkins, Midlands Correspondent

LAND ROVER, the West Midlands-based manufacturer of four-wheel-drive vehicles, is to take on an extra 200 workers at its Solihull plant to make the new Discovery vehicle.

The workers, who will be employed mainly on assembly and trim operations, will be joined by other Land Rover employees to be transferred to Discovery production from the existing 8,900 workforce.

The Discovery is the first all-new vehicle to be launched by Land Rover since the Range Rover in 1970. It is due to be unveiled at the Frankfurt motor show in September before going on sale at the end of the year.

Land Rover, a subsidiary of British Aerospace, last increased its workforce two years ago when it took on 800 workers to help to meet surging demand for the Range Rover model after its introduction in the US.

Rover, BAe's volume car subsidiary, *has also been* recruiting at its Longbridge plant in Birmingham. It has taken on an extra 1,200 workers in readiness for the launch of the R8 model developed in partnership with Honda of Japan.

The Discovery, which will fill the gap between the Land Rover and the Range Rover, is *intended to compete with* imported Japanese four-wheel-drive vehicles such as the Mitsubishi Shogun and the Isuzu Trooper.

Battle over $1bn N Sea assets is sent to appeal

By Raymond Hughes, Law Courts Correspondent

A BATTLE over almost $1bn (£550m) worth of North Sea assets moved to the Court of Appeal yesterday.

Amerada Hess, the US oil company, and British Gas challenged a High Court ruling last month that pre-emption rights they sought to exercise over part of the assets of Texas Eastern North Sea Inc (Tensi) were unenforceable.

Tensi is the operating subsidiary of the US gas and oil *company Texas Oil, which has* contracted to sell the whole of Tensi's shares to Enterprise Oil, the UK exploitation and production company.

Amerada and British Gas contested the sale, arguing that they had first-refusal *rights to buy Tensi's assets.*

However, Mr Justice Evans ruled in the Commercial Court that the deal should go ahead.

The dispute stems from a North Sea joint venture entered into in 1965 by Amerada, *Texas Eastern, British Gas* and Amoco, another US oil company. That provided for each party to have a specific *percentage share of the costs* and benefits from operations in the licence area.

Over the years the area *changed*, by augmentation and surrender, and was divided into sub-areas, creating difficulties in deciding each venturer's percentage interest in areas with differing sizes and values, and in relation to the exercise of pre-emption rights.

The hearing continues today.

Private road schemes 'face limited success'

By Andrew Taylor, Construction Correspondent

THE GOVERNMENT's plans to encourage privately financed roads will meet very limited success unless it is prepared to provide easier planning and greater financial rewards, according to a report published yesterday by the National Economic Development Council.

The report, by the council's construction industry sector group, recommends establishing a private venture capital fund to promote the development of such roads.

The fund, which would be run on similar lines to 3i, the private-sector venture capital fund owned by British banks, would be charged with providing seed capital for private infrastructure projects.

The report recommends establishing a private-sector task force to help to set up the fund and develop procedures, with the Government, to encourage private investment and a small number of pilot projects.

The working party, headed by Mr Roger Dobson, managing director of Laing Bechtel Petroleum Development, was responding to the Government's green paper, New Roads by New Means, published in May.

Its report said private capital would only become involved in large-scale development of transport infrastructure if it was convinced that the return on investment justified the risks.

The report said the Government should consider providing financial assistance for schemes that provide substantial benefits to the public at large rather than just road users. It should also consider introducing ways of allowing promoters of road schemes to share in the increased development value of land running alongside new routes.

"Mechanisms or *procedures* must be devised to ensure that the indirect beneficiaries of a project contribute to its cost," the report said.

It recommended that planning procedures should be streamlined to allow decisions to be made faster on whether a private road should go ahead. It said companies were put off by the length of time it took to reach a decision.

It proposed a public inquiry should take place when schemes were put out for competition, rather than after an individual scheme had been chosen.

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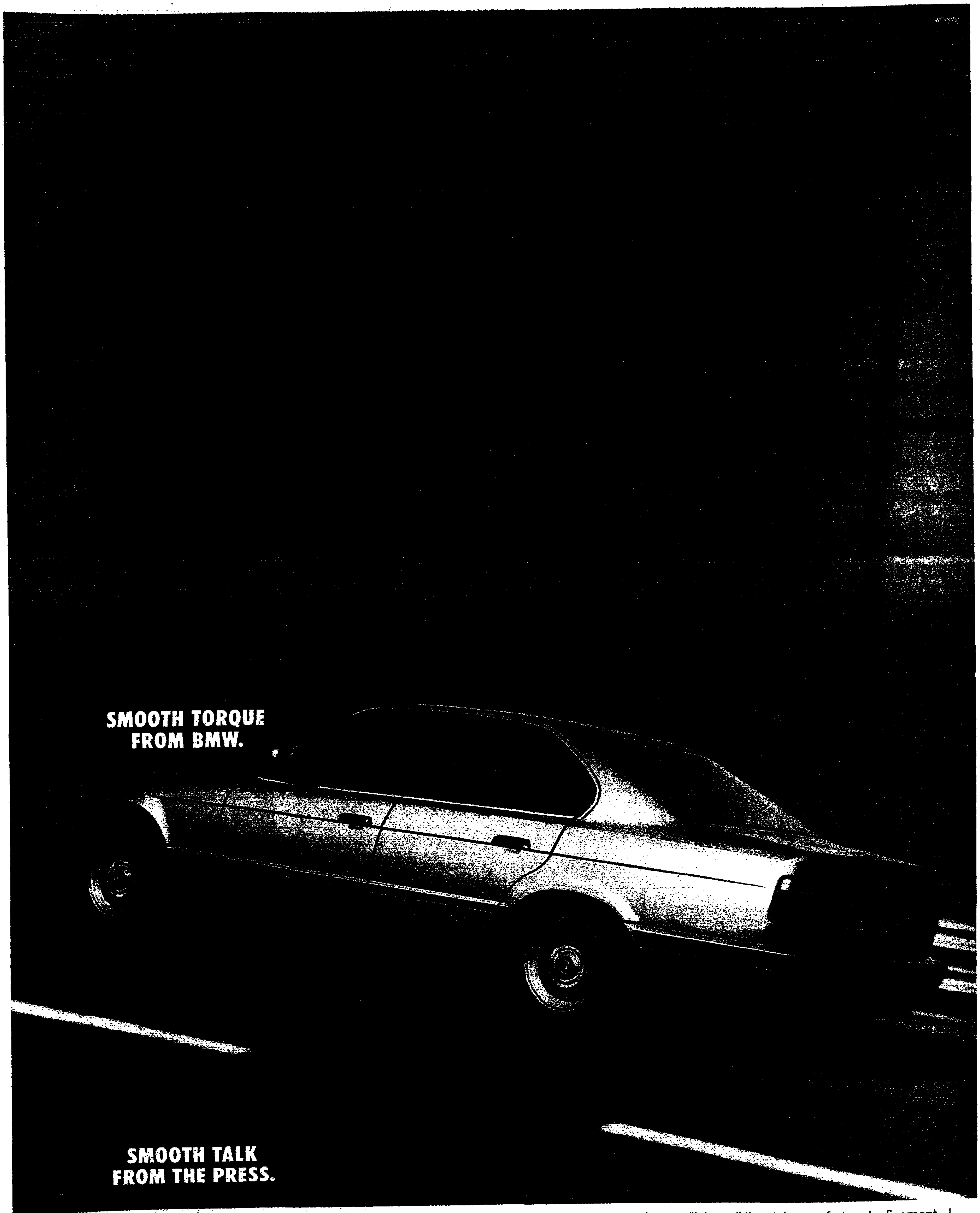


UK NEWS — EMPLOYMENT

Continental dockers pledge support

By Charles Leadbeater, and Jimmy Burns

DOCKERS' leaders from the main Continental ports yesterday pledged to urge their 38,000 members to support the British national docks strike by refusing to handle cargo diverted from strike bound UK ports.

Union officials from Belgium, the Netherlands and West Germany made the pledge after meeting leaders of the Transport and General Workers Union in London. French dockers' leaders, who were unable to attend the meeting, also said they would urge their members to take solidarity action over the TGWU's claim for a national agreement to replace the statutory National Dock Labour Scheme.

The officials said they would ask their members not to handle cargo from ships diverted to, or from, UK ports formerly covered by the scheme where dockers are still at work.

The unions will also warn port employers that they risk harming industrial relations if they attempt to take advantage of the strike by picking up extra trade.

None of the union officials said they would be able to guarantee total support for the boycott, but they were confident of considerable solidarity action.

Officials of the International Transport Workers Federation, which convened the meeting, said they expected support would be less than 100 per cent but would be extensive enough to make shipowners and shippers think twice before attempting to divert cargoes.

Mr Kees Marges, an official of the Dutch transport workers union, the FNV, and leader of 10,000 Rotterdam dockers said his members would assess ships on a case-by-case basis.

Mr Manfred Rosenburg, secretary of the dockers section of the West German transport and public services union, OTV, said his members would not want to take part in strike-breaking activities, even though there were complex legal constraints governing solidarity action.

Meanwhile in London, officials of Britain's National Association of Port Employers dismissed offers of support from other European trade union as words which would have little practical effect on the docks dispute.

They claimed that domestic support for the dispute was continuing to dissipate, with 1,250 dockers working normally in 23 out of the 60 ports which were registered under the scheme.

The number of dockers who have accepted redundancy under the Government's compensation scheme is now put at 1,850.

Yesterday, dockers returned to work in Rochester, Kent, and North Shields on the Tyne, while a further 100 dockers in Poole, Cornwall, voted to end their strike today.

The dockers had earlier been warned by management that they could be dismissed unless they agreed to return to work by 8am today. Similar warnings of dismissals have been issued in other ports by Associated British Ports, the biggest port employer.

However, by last night dockers at the ABP port of Southampton remained on strike although port officials indicated that dismissal notices could be sent out before the end of this week.

Rotterdam shippers are anticipating extra cargo if the docks strike continues, although they say it is difficult to determine when cargo is rerouted.

Labour Party seeks urgent action on teacher shortage

By David Thomas, Education Correspondent

THE Labour Party will today demand an emergency programme from the Government to combat the growing problem of teacher shortages.

Labour's initiative comes as the National Union of Teachers, the biggest teaching union, last night raised the spectre of more classroom disruption over teachers' pay.

Mr Jack Straw, Labour's education spokesman, will demand a package of measures on teacher shortages in a Commons debate today initiated by the Opposition.

Labour will call for an interim pay award, together with help with housing costs and better child care assistance for teachers.

Mr Straw warned last night that parents would take the Government to court if teacher shortages in the autumn prevented their children from being educated.

Some children have already had to be sent home from schools in East London because of a lack of teachers. There are widespread fears that the position will deteriorate in the new school year following a wave of resignations of primary teachers in Hackney and Tower Hamlets.

"In score of schools the heads have already duplicated the letters to parents, ready for September, to explain why their children have been sent home," Mr Straw claimed last night.

Mr Straw's attack was reinforced last night by Mr Fred Jarvis, NUT general secretary, who called on the Government to learn the lessons of the past "before we get to yet another major dispute or an acceleration of the exodus from the profession."

Mr Jarvis, speaking in Norwich, added: "If the Government wants teachers to be the next group of public service employees to be driven to industrial action to get a fair deal, it is certainly going the right way about it."

The NUT leader's comments were a departure from his union's recent attempts to cultivate a less militant image, but Mr Jarvis argued that the 6 per cent teachers' pay settlement imposed by the Government in April was below both the increase in inflation and in average earnings.

Health and safety staff hit by 'very low morale'

By Our Labour Editor

THE Health and Safety Executive's resources need to be significantly improved to overcome widespread low morale among inspectors, according to a report published yesterday by the Institution of Professional Civil Servants.

The report on the HSE's activites over the past year says that the Government could significantly increase staffing levels, for a relatively small sum. This would allow more research, agreater frequency of preventative inspections, and a higher profile for health and safety with the general public and industry.

The report says: "The morale within the inspectorate is very low. Inspectors have had nine years of working in a politically hostile environment."

The increasing emphasis on reactive, rather than preventive, inspections is further undermining morale, the reort says.

It estimates that the number of inspectors would have to be increased from 850 to 980 to reduce the average frequency of preventive inspections to one every four years.

To allow the inspectorate to investigate 10 per cent of reported accidents and most complaints would mean increasing the 105 staff.

A further 50 staff would be required to allow inspectors to follow up serious accidents and confirm that their inquiries have been satisfactorily concluded.

About 35 extra inspectors would be needed to double the number of preventive visits to construction sites. Another 50 inspectors would be required to allow national industry advisory groups to provide an adequate service and to seek out, register and advise previously unregistered companies.

In agriculture the greatest risks are posed by family farms which do not employ any workers. The report says these premises are on average visited once every 29 years or once a generation, although they are often heavy users of dangerous machinery and pesticides.

The HSE's budget expanded to £118m this year or by 5 per cent in real terms last year, which in part allowed it to recruit more inspectors for nuclear establishments.

An alternative report on the work of the Health and Safety Executive in 1988; the IPCS, 75-79 York Rd, London SE1 7AQ.

Specialist civil servants offered rise worth 8.7%

By Michael Smith, Labour Staff

THE TREASURY has offered specialist civil servants a pay deal which will add 8.7 per cent this year to the group's salary bill. The proposed settlement is the first in the civil service for several years to be constrained by comparison with the private sector.

About 70 per cent of the 52,000 members of the Institution of Professional Civil Servants covered by the deal will receive 6.5 per cent, the Treasury said yesterday. About 1.4 percentage points of the 8.7 per cent rise resulted from job scale readjustments agreed last year, it said.

The IPCS executive is to recommend acceptance when the deal is put to a ballot of membership. Mr Bill Brett, general secretary, said the leadership could not boast about the agreement, but it was a reasonable deal.

Under a long term pay agreement made with the Treasury two years ago, both sides agreed to be constrained from this year by comparison with the inter-quartile (middle 50 per cent) range of outside pay movements, as established by a survey by the Office of Manpower Economics.

Mr Brett said the survey this year had shown the inter-quartile to be between 6 and 8.9 per cent. The union had claimed 7.65 per cent and the deal worked out at 7.3 per cent if the amount resulting from last year's agreement was excluded.

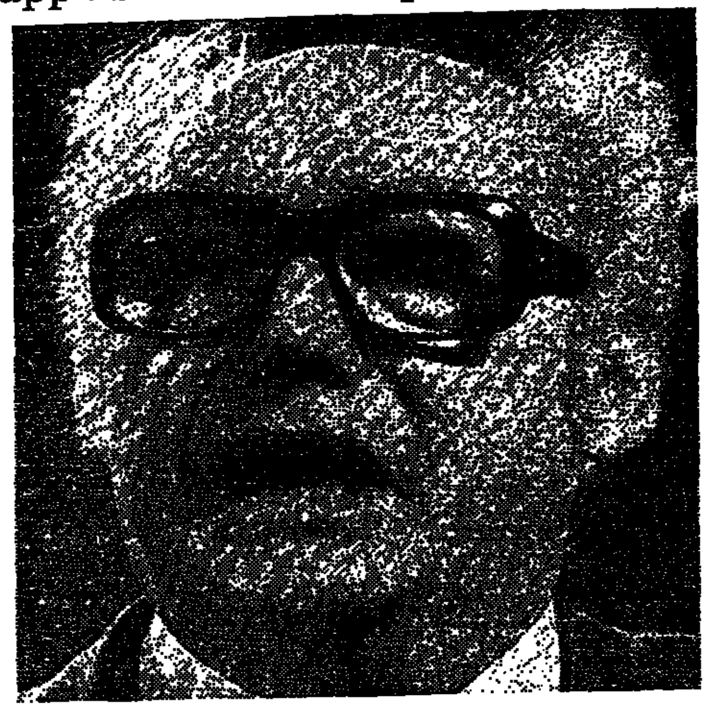
Mr Brett said that some lower paid members would receive rises of up to 19 per cent.

The Treasury pointed to the targeting of high pay rises to staff in areas of skill shortages. Under the deal, which would be implemented from August 1, there will be selective increases of up to 15 per cent for certain groups – including architects, surveyors, civil engineers and electronics and telecommunications specialists – in the London area.

About 10 per cent of the staff covered by the deal would qualify for extra payments earmarked for workers in short supply, the Treasury said.

A canny Scot who managed to outwit British Rail

Jimmy Burns looks at how the enigmatic rail union leader Knapp handled the dispute



Jimmy Knapp: more to winning than media hype

At the outset of the rail dispute, when things looked as if they might just go British Rail and the Government's way, it seemed just possible that Mr Jimmy Knapp could fall victim to caricature.

With his gangly, avuncular looks(he walks and looks rather older than his 49 years), his growly Scots accent (incomprehensible to most commuters south of the border watching TV), and his often ungrammatical delivery of phrases, Mr Knapp's seemed to fall somewhere between a dinosaur and a demon ripe for the picking in an age all too accustomed to image making.

And yet if Mr Knapp has always managed to make himself accessible to journalists, the events of the last month have demonstrated that there is more to winning or losing disputes than media hype.

If Mr Knapp can with some justification claim the outcome of the dispute as a personal triumph, it is because he has outmanoeuvred BR virtually all the way down the line with his own particular brand of Scottish canniness.

Since easily winning his election to general secretaryship on an ostensibly left-wing ticket in 1983, Mr Knapp has not always been on the winning side. In 1985, his Tube drivers called off an indefinite strike he had called without a ballot after only one day. Two months later, he decided to hold a ballot only to be humiliated by his BR members voting against a strike on the issue of driver-only train operation.

And yet one of Mr Knapp's strengths has always been to have sufficient pragmatism to learn from his mistakes and to listen to what his members have to tell him.

The rail dispute has shown his predecessor Mr Sid Weighell's description of Mr Knapp as "wet behind the ears, a stooge of the Communist and Trotsykvist left" as being well off-beam.

Mr Knapp is not, nor has ever been another Mr Arthur Scargill, the left-wing leader of the National Union of Mineworkers. He has learnt to interpret his leadership as the achievement of a consensus for action, not as the fount of militancy with the membership and the rest of the trade union movement expected to follow.

Discontent among BR staff over pay and national bargaining issues had been rumbling beneath the surface for months. Commuter discontent with the general condition of rail services as Britain's middle-class, mostly non-union labour force had similarly been on the increase.

Earlier this year, Mr Knapp seemed to bring off a remarkable marriage of convenience by having his members dress up as sardines to share the general public's exasperation.

But he finally moved into action only when divisions between the three rail unions over strategy had been overcome and when a ballot result had told him without any doubt that his men were prepared to move. Once the strike train was rolling he never once overstepped his brief. He opted for weekly 24-hour strikes rather than an all-out strike and direct confrontation with the Government which the hard-left in his union wanted.

The strategy ensured minimum discomfort to his own membership in terms of lost pay, and sufficient unease to the commuter to focus attention on the issues behind the dispute without having their bad temper turn against the union. It left BR management and the Government utterly disorientated.

Only in the last hours of the dispute, with the NUR holding out while the other rail unions accepted a considerably improved offer from BR, has Mr Knapp come dangerously close to losing the goodwill he has steadily built up over the last month. But then with BR management seemingly down on its knees, the temptation to go for a knock-out must have seemed difficult to resist.

UK NEWS

Sales growth hits 5-year low amid rates squeeze

By Ralph Atkins, Economics Staff

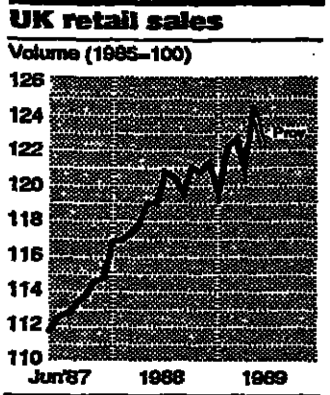
GROWTH IN retail sales slid to the lowest annual rate for nearly five years last month as high interest rates squeezed consumer spending, official figures showed yesterday.

Sales volumes tumbled a provisional 1.8 per cent between May and June after adjustment for normal seasonal variations – the largest monthly fall for more than two years. That partly reversed a sharp rise in May and encouraged hopes of a cut in interest rates later this year.

In the three months to June, retail sales were 3¼ per cent higher than the same period a year before – the slowest growth rate since autumn 1984. At the height of the consumer boom last summer, the annual rate hit peaks of 7 per cent.

The Department of Trade and Industry (DTI) figures cheered financial markets, helping allay fears that consumers had adjusted to mortgage rate rises and were returning to fast growth in spending. The Treasury said they confirmed that tight monetary policy was having the desired effect on demand.

London analysts said a moderation in retail sales was a necessary condition for a fall in interest rates, but a cut was unlikely until the economy shows signs of slowing significantly. Sterling firmed after the figures, ending a pfennig higher in London at DM3.0775.



Immediate reaction in the equity market was mostly favourable but attention remained focused on bid speculation. The FT-SE 100 share index ended 1.2 higher at 2,274.9.

June's statistics suggest Mr Nigel Lawson, the Chancellor, is on course to meet, or possibly undershoot, his budget forecast of 3.5 per cent growth in consumers' expenditure this year. Retail sales account for about 40 per cent of consumer spending.

However, several factors are likely to boost spending in coming months: average earnings are rising strongly, employment continues to increase and personal borrowing shows little signs of slowing. Changes to the National Insurance system, which take effect from October, and the prospect of tax cuts in next year's budget could further encourage spending.

The figures confirmed results of the latest Confederation of British Industry/Financial Times distributive trades survey. This showed sales growth returning to a slower growth path in June after rebounding in May.

Recent monthly figures have almost certainly been distorted by unseasonally warm weather. In May, retail sales volumes jumped 3 per cent, partly because of particularly buoyant clothing sales.

The DTI said strong growth by food stores extended into June but other retailers, including department stores, saw falls from May's levels. It said sales of household goods were poor for the time of year.

In the three months to June, sales were nearly 1 per cent higher than the previous three months. This almost certainly overstates the underlying trend, however, because of erratically high sales in May and weak sales in January.

The average weekly value of sales in June was £2.26bn. The index of retail sales volumes stood at a provisional, seasonally adjusted, 122.2 (1985=100) against 124.5 in May.

MPs urge EC fund for greenhouse research

By John Hunt

A CALL for Britain and its European Community partners to set aside a specific percentage of gross national product for research into global warming – the so-called greenhouse effect – was made yesterday by the all-party House of Commons energy committee.

"The EC would then set an example to the rest of the world which the Eastern bloc and developing countries might well follow," the committee said in a report into the energy policy implications of the greenhouse effect.

"Global warming may be an assault on the security of the world and every country should be able to contribute to environmental defence," the report says.

Sir Ian Lloyd, the Conservative Member of Parliament who chairs the committee, warned yesterday that the total elimination of greenhouse gases would impose tremendous strains on industrial societies.

The report argues that greater energy efficiency was the most effective response to the problem and criticises the Department of Energy for cutting the budget of the Energy Efficiency Office.

It urges that Britain must spend much more on research into global warming, and rejects government evidence arguing that it would be inappropriate for the UK to take unilateral action as it would have little effect globally.

The committee also argued that nuclear power had a role to play in a "greenhouse friendly" electricity supply industry but that this role should not be exaggerated.

Thatcher fails to grab centre stage

Philip Stephens on a changed role for the Prime Minister in Paris

AS MRS Margaret Thatcher reported to the House of Commons yesterday on the conclusions of the Paris economic summit, there was much in the final communiqués that she could claim as evidence of Britain's influence on the international stage.

The endorsement again by the seven richest nations of the free-market economic policies which have become the accepted wisdom, the call for vigilance against inflation, and the commitment to a case-by-case approach to the international debt crisis were all welcome in Downing Street.

The strong emphasis of the final statements on protecting the environment, on concerted help for Poland and Hungary, and on international co-operation to combat drugs, also reflected a focus on areas close to the top of Mrs Thatcher's own agenda.

So the Prime Minister confidently shrugged off attempts by the opposition to sustain the charge that she had been snubbed and isolated for much of the gathering.

Her fulsome praise of President François Mitterrand's handling of the summit and of France's bicentenary celebrations took the steam out of what had seemed to promise the opening of another acrimonious chapter in Anglo-French bickering.

But the media attention – and hype – surrounding Mrs Thatcher's back-row position in the bicentennial seating plans and cavalcades disguised what may turn out to be a much more significant development.

If there was nothing in the communiqués with which Mrs Thatcher would seriously quarrel, it was also clear in Paris that she was unable to command the attention to which she has become accustomed in recent years.

Thatcher and Lawson take a back seat at the summit

It was President George Bush of the US, Mr Mitterrand and Chancellor Helmut Kohl of West Germany who appeared to be the significant figures. As one American diplomat in Paris put it: "It is no longer your Prime Minister's show."

In most respects the summits never truly were. The economic strength and political influence of the US, Japan and West Germany always made it inevitable that they would set the pace.

Over the past few years, however, Britain has appeared to wield a disproportionate influence. That role, underpinned by the Prime Minister's record as the most experienced summiteer, was hard to see last weekend.

Both Whitehall officials and diplomats from other summit nations identified several factors behind the shift.

At previous such gatherings, Mrs Thatcher's position has been bolstered by lavish plaudits from her partners for the success of her economic policies.

Now, with Britain's inflation rate at more than 8 per cent and its trade position worse, in proportionate terms, than that of any of its partners, the praise is far less in evidence.

Attempts by Mr Nigel Lawson, the Chancellor, to get the summit to emphasise the international nature of the inflation problem were rebuffed. The communiqué may have said that containing inflation remained a key commitment, but the consensus was that it posed a real problem only for Britain, Italy and Canada.

More importantly, Mrs Thatcher can no longer rely on an unprecedented relationship with Ronald Reagan to offer her a pivotal role in summit deliberations on the West's political stance.

Mr Bush appeared attentive – at one stage commenting that she had been "shabbily treated" – and he went out of his way to remark on the similarity of views between the two leaders.

It did not escape the notice of officials from other countries, however, that both had been in Paris for two days before meeting for bilateral talks. President Reagan, they commented, would have seen Mrs Thatcher immediately.

The special relationship remained but the White House made it clear that on the main political issues – East-West relations, China, the Middle East – President Bush was determined to set his own agenda.

The summit's conclusions on East-West relations – in particular on help for Poland and Hungary – appeared to indicate, for example, that Mrs Thatcher's long-standing relationship with Soviet President Mikhail Gorbachev was of less importance to the US than West Germany's stance.

Several European diplomats took the view that Mrs Thatcher's authority had been further undermined by her reluctant approach to economic and monetary union within the European Community.

Last month's Madrid summit had left her outside the Franco-German axis established by Mr Mitterrand and Chancellor Kohl, at a time when her influence in Washington had been significantly diminished.

There was no suggestion that the Prime Minister was now destined for a purely supporting role.

The consensus in Paris was that Mrs Thatcher's experience and her forceful personality would ensure that her partners would continue to respect her views. But whether she would be able to tread the international stage with quite the same assurance as during the past few years was far less certain.

Construction begins on N-fuel plant

By David Fishlock, Science Editor

CONSTRUCTION OF a £120m high-technology facility to produce nuclear fuel for a world market has begun at the Springfields site of British Nuclear Fuels, near Preston, Lancashire.

The highly automated plant, packaged in a windowless complex, will combine chemical, power metallurgy and light engineering production lines to make fuel for advanced gas-cooled reactors (AGR) and pressurised water reactors (PWR).

The planned workforce of about 250 will be only half of those currently engaged in making AGR fuel in four separate buildings at the factory, its works director, Dr Gregg Butler, said yesterday.

The new oxide fuels complex is part of a £140m, long-term investment in the Springfields factory, authorised by BNFL last spring.

Manufacture of Magnox natural uranium fuel is expected to be steadily reduced in the 1990s, leaving the factory producing a base load of up to 230 tonnes of AGR fuel a year for the UK's seven AGR power stations. No more fuel stations of this type are expected to be built.

Broker warns over electricity profits

By Max Wilkinson, Resources Editor

PROFITS in the privatised electricity industry will be highly vulnerable to nuclear energy costs or a squeeze by the government regulator, according to a study published yesterday by stockbroker UBS Phillips and Drew.

The difficulty of selling the nuclear power stations was emphasised yesterday by the results of a National Opinion Poll survey which suggested that only half those people now considering buying shares in the electricity industry would do so if the sale included nuclear assets.

The poll, commissioned by Friends of the Earth and Greenpeace, the environmental organisations, suggested that 17 per cent of those interviewed might buy shares in electricity if it were free of nuclear power.

UBS Phillips and Drew says the cost of decommissioning the ageing Magnox nuclear reactors could be $4bn (£2.4bn) but this figure could rise to $12bn if the work were to be carried out in 25 years rather than after 100 years, as at present envisaged. The figure for decommissioning would be some 30 per cent more than the valuation of all the Central Electricity Generating Board's nuclear assets.

The broker says that although the Government has promised to make $2.5bn available to alleviate the risks of decommissioning nuclear plant, it has also said that the money will only be disbursed for unforseen expenditures.

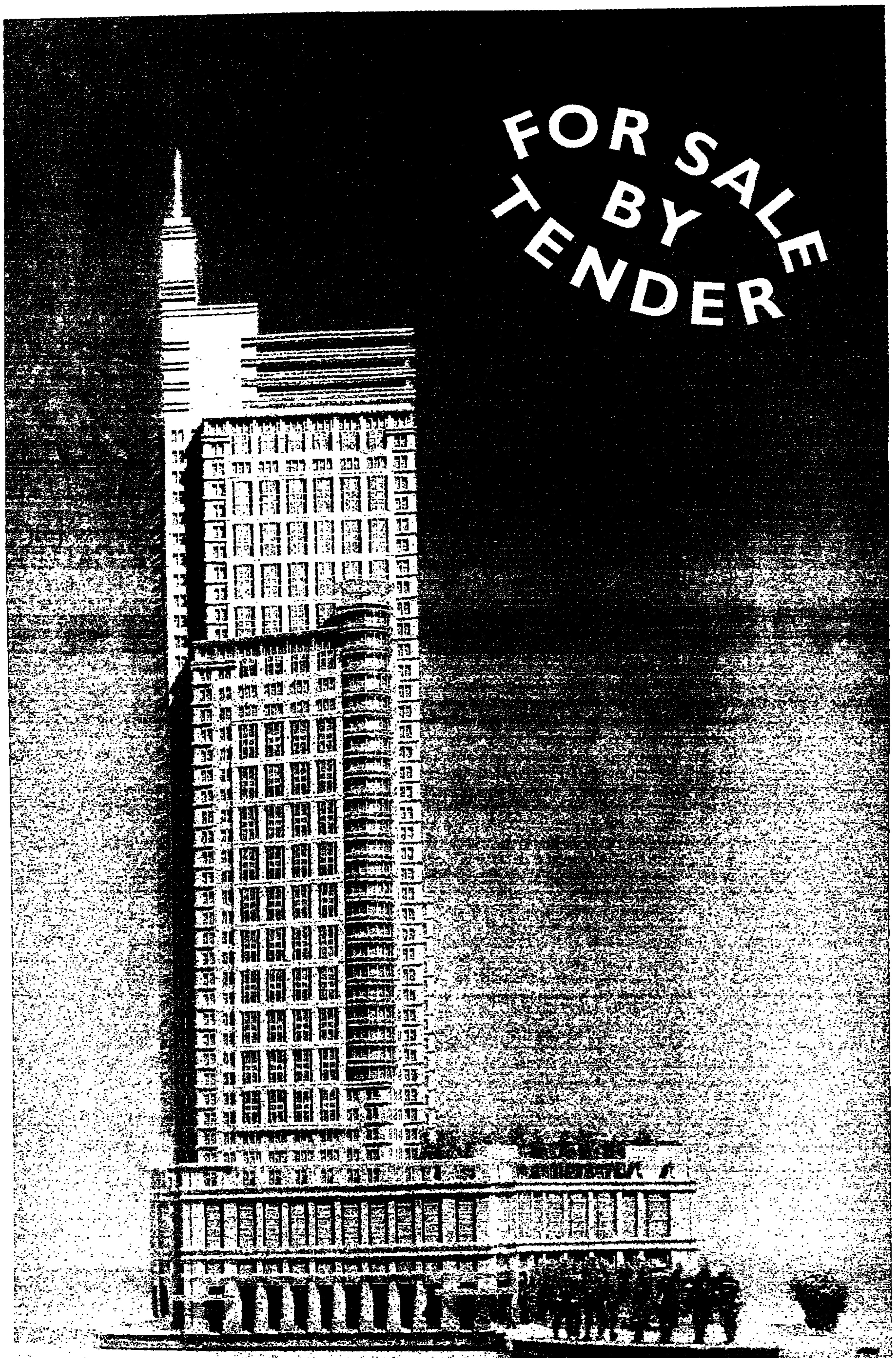
The study puts the value of the industry to investors at about £13bn compared with its published net asset value of £38bn on a replacement cost basis.

It says that future profits, and therefore the value to investors, will depend crucially on the way the industry's regulator operates the formula for setting electricity prices.

This formula will allow distribution companies to raise prices in real terms (in addition to inflation) by an amount Y minus X, where Y represents any increased cost of generating electricity and X is an efficiency factor to be set by the regulator. The study suggests that if the X factor were set at 1¼ percentage points instead of an assumed ¾ percentage points the valuation of the distribution companies would be reduced by 70 per cent. A cut in the X factor to ¼ percentage points would increase the valuation by 150 per cent.

A Unique View

A Unique Building



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Tenders are invited for outright purchase or equity participation from major developers, financiers and investors. Tenders close at 4pm Wednesday 18th October 1989.

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Or to Mr Chris Brown of Jones Lang Wootton, Sydney. Telephone (612) 251 5888. Fax (612) 232 8120.

Alternatively you may wish to call Bond Corporation direct on Sydney (612) 231 1311.

TECHNOLOGY

As universities seek more cash from industry, **Alan Cane** reports on a link that pays

A catalyst when change is essential

Warwick University, in the UK, has a reputation better than most for its willingness to work with and for industry.

Its Management Systems Engineering Group, led by Professor Kumar Bhattacharyya, exemplifies this. It specialises in working with companies at a technological crossroads, where the board of directors realises the need for fresh thinking to catalyse change.

The MSE Group provides a consultancy service that helps companies to integrate their business and technological strategies. On the management training side, it offers a new 2½-year master's degree via the Integrated Graduate Development Scheme and conventional full-time master's programmes. It also carries out research in the field of automated manufacturing.

The Rover Group is a case in point (see accompanying article). Its commitment, since the early 1980s, to improving its competitiveness, underpinned by co-operation with Honda of Japan in the design and production of new models, has led to greater sophistication in its manufacturing operation. According to Rover executives, Warwick played an important part in bringing about the changes necessary to put the group on the road to matching the Japanese in manufacturing efficiency.

In a break with convention, for example, Rover has appointed an information technology strategy director, Guy Hains, who is based at the university. His role is to provide a bridge between Rover's business and technology strategies — the sort of approach that is central to Bhattacharyya's management philosophy.

The MSE Group lives by its services to industry. In nine years, it has grown to more than 130 research, teaching and support staff. Those with undergraduate teaching responsibilities have conventional university tenure, but the majority depend on industrial funding and their jobs would be at risk in a recession.

Their work has raised more than £20m from industry in fees and equipment; each year more than 2,500 directors, managers and engineers attend courses in technology, computer-aided design and manufacturing strategy; more than 400 post-graduates are taking master's degree courses.

Bhattacharyya, who has been Lucas Professor of Manufacturing Systems at the university since 1982, is a voluble critic of weaknesses in British industrial and academic practice. He reserves his greatest contempt for what he describes as "slush" in organisations, the layers of non-productive bureaucracy which he thinks information technology could eliminate.

One sign that his group is working along the right lines is the willingness with which industry puts funds into the Warwick campus. For example, the Advanced Technology Centre (ATC) has been funded to the tune of £5m by the Rover Group. A further three storeys are being added through extra support from Rover and from Rolls Royce, which intends to establish an advanced ceramics centre.

There is also the Coopers and Lybrand Centre for Manufacturing Renewal, the £3m Computer-Aided Design and Manufacture Centre funded by Computervision (now part of Prime Computer) and the Manufacturing Simulation Team.

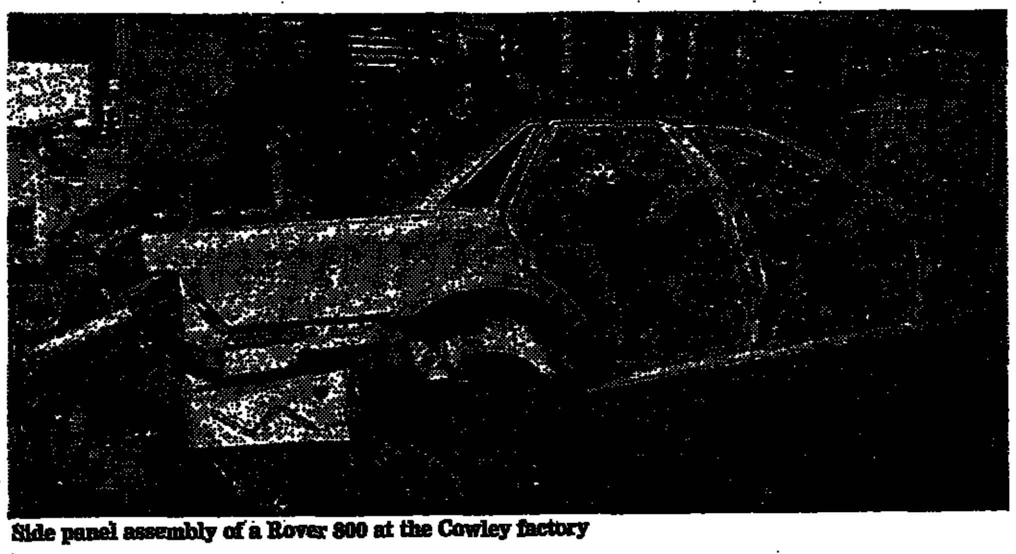
In the most recent development, Digital Equipment (DEC), the world's second largest computer manufacturer and the leading maker of engineering computers, agreed to work with the ATC to develop and test innovative applications for industrial manufacturing control. This will involve the expertise of staff from DEC's Sutton Coldfield manufacturing industries centre and the provision of DEC computers and software for Warwick courses.

Peter Davies, ATC administrative director, says that the loan of equipment is particularly valuable in information technology because systems become obsolete so quickly.

Stuart Mitchell, of DEC, says the value of working with Warwick is threefold. First, it provides a test bed for advanced software applications. Second, the focus is on specific industries (remarkable as it might seem, computer salesmen to date have rarely been expert in the industry they sell to. Customers these days expect a great deal more than an order form and a promise of delivery.) Third, it supports a decentralised, multi-vendor approach to information technology, which is in tune with DEC's distributed computing philosophy.

Examples of MSE's research include a robotic system for inserting valves and valve gear in a car cylinder head; a machining centre that removes medium-hard steel in turning spindles without lubrication at very high rates; a system for designing assembly lines on computer screens and examining the effect of failures on the flow of finished products.

Bhattacharyya laughs when asked how many "Warwicks" the UK needs to improve its approach to manufacturing. "Every university should form partnerships of this kind with industry."



Side panel assembly of a Rover 800 at the Cowley factory

Once the Rover Group had settled on its Integration and Development Plan in the early 1980s, it realised that it needed help to implement the technology that would underpin the business transformation. Warwick university was enlisted both to improve the technology and to train managers.

While the company has a long way to go, the results are visually striking on the assembly lines at the Cowley factory, in Oxfordshire. About 1,500 shop floor workers are today involved in producing the 1,000 or so Rover 800 series cars — a result of the collaboration with Honda of Japan — which flow out of the plant each week.

Robot arms grip windscreens and glaze them in position using beams of laser light to check alignment; the doors, painted but stripped from the body to prevent damage while the robots are at work, travel overhead in slings, ready for reassembly towards the end of the sequence. Suspensions rise into place from the pit below the line.

Even more remarkable is the absence of inventory, the pallets, bins and packages full of components which in the past enabled Rover to build a dozen variations on a model.

Now large areas of the factory formerly filled with wheel assemblies, suspensions and so on are lying fallow. Rover has moved to a form of kanban, just-in-time manufacturing based on Japanese practice.

This demonstrates the concern with the management of materials rather than people. More than 70 per cent of Rover's manufacturing costs, according to Barry Hunt, Cowley financial controller, are tied up in materials.

The new kanban procedures, he says, have cut inventory by about £10m out of a yearly total of £36m — a 30 per cent reduction in two years.

The Cowley kanban system, called Scimitar, has two parts: the Cowley Distribution Centre (CDC) and timed deliveries.

The CDC comprises storage space owned by Rover, and rented out to component suppliers. Minimal quantities of components are stored by the line in bar-coded containers. When empty, demands for replacements are sent to the CDC; only when the components are checked out of the centre does the mechanism for paying the suppliers start to operate.

Timed deliveries contrast with the haphazard methods of earlier years when "lorries were parked nose to tail down the Cowley Road," as Hunt recalls. Now Rover guarantees to take delivery of components at an agreed time and date.

While Rover's inventory is kept down, suppliers gain a guarantee of business and the means to plan their own operations more effectively.

The changes are as much to do with attitude as technology. Shop floor workers at Cowley are grouped in about a dozen "cells". Each has a manager, who is responsible for all the inputs and outputs of the cell and answerable to a manufacturing manager.

Kevin Riley, manufacturing manager for the Rover 800, says the foreman concept is on the way out. "These people are husbands and fathers before they are Rover workers. They understand responsibility."

WORTH WATCHING

Edited by **Della Bradshaw**

Screwing down the air leaks

MOST manufacturers rely on compressed air, be it to blow pills along a pharmaceutical production line, to cool electronics components or to drive the shuttle that weaves fabrics. So, although unglamorous, any improvement in air compressor efficiency has a far-reaching effect.

That efficiency is dependent upon the proportion of air which enters the appropriate pipes under pressure, and the proportion which leaks away. Most leaks happen through the gap between the pair of rotary screws, or air end, which drives out the air.

To tackle that problem, compressor manufacturer CompAir BroomWade set out on a £2m computer-aided design project to make the pair of rotary screws fit together so closely that leakage was reduced to a minimum.

The result of the four-year project is the Cyclon air end, which the manufacturers claim produces 15 per cent more compressed air for the same power input. The Cyclon will be sold in the company's air compression units and through other manufacturers, all looking for a slice of the £2bn-a-year world compressor market.

An enzyme to produce pulp

THE GREEN revolution, which is changing the way European companies manufacture and market their products, is influencing Japanese industry as well. One example is the development by the Oji Paper company, in Tokyo, of a way to produce pulp from wood using enzymes rather than environmentally unfriendly chemicals.

Traditionally, paper chips are boiled in distilling kilns with chemicals, such as sodium hydroxide, in order to break down the lignin — the complex polymer which gives wood its rigidity. A research team at Oji Paper has extracted an enzyme from mushrooms which it believes can do the job.

To try to produce the enzyme in commercial quantities, the team has extracted an essential part of the mushroom enzyme and transplanted it into yeast, which should produce a better yield.

The enzyme will work without producing any unpleasant smells or hazardous liquid waste that would need careful disposal. The company says the enzyme could eventually do away with the need for large-scale chemical plants at pulp production factories.

Access to US research

EUROPEAN companies wanting information about the wealth of research and development going on in the US — from ship building and health care to electronics and food — can now search an electronic database stacked with research documents.

The database is the result of an agreement between the UK publisher ILI and the US National Technical Information Service (NTIS), which was founded by Congress to act as a clearing house for scientific and technical information. There are 2m reports on the database, for which ILI has European dissemination rights. About 70,000 reports a year are added to it.

To use the service, companies request a database search, quoting a combination of appropriate key words. The search is carried out free of charge.

A print-out is sent to the customer, containing titles, authors, abstracts and prices of up to £90 for 600-page documents. The reports can then be ordered.

Calling foul on mobile charges

A CATALOGUE of extortionate call charges is reported by the magazine What to Buy for Business in its latest research into the UK mobile telephone market.

The report says that because mobile phone prices have plummeted, opportunistic dealers are jacking up the prices of services to preserve profits.

While the standard call charge for mobile services is 33p a minute in peak time, some dealers are charging up to 50p a minute and one example of £1 a minute was uncovered.

The authors of the report recommend that cellular subscribers should insist on itemised bills and check them thoroughly. The billing method should be put in writing before signing for the service.

Power to the pedal cycle

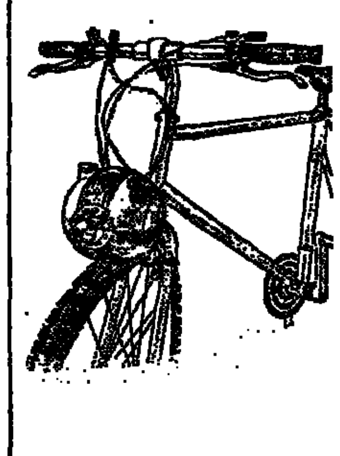
HELP is at hand for people who have invested in bicycles to by-pass public transport troubles, only to discover that cycling uphill is not as easy as they thought.

Priestman Associates, a British design consultancy, has revived the idea of attaching a motor to the front wheel of the push-bike to help cyclists arrive at that important business meeting a little less sweaty.

The motor is a metallic ball incorporating a 30 cc engine similar to those used for petrol-driven lawn strimmers. It drives a revolving ceramic "cotton reel", which is lowered on to the front wheel.

Unlike its 1940s role model, the Power Ball is detachable and uses unleaded petrol.

Priestman is looking for a manufacturer willing to bring the design to fruition.

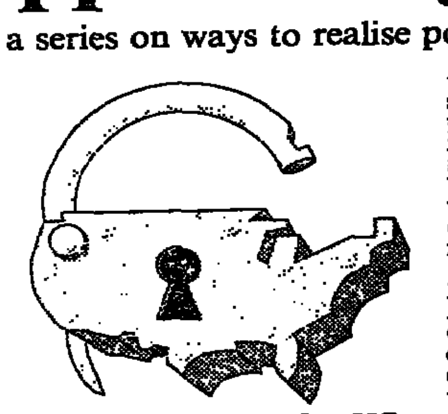


CONTACTS: CompAir BroomWade: UK, 0494 465000. Oji Paper: Japan, 3 563 1111. ILI: UK, 0990 23377. What to Buy for Business: London, 730 0403. Priestman Associates: London, 376 4990.

In search of overseas markets

Making headway in a land of opportunity

Charles Batchelor begins a series on ways to realise potential in the US



Breaking into the US

You might not expect a British company to be selling air conditioning, that most American of conveniences, to the Americans. Yet Airedale International Air Conditioning, a Leeds-based company, has established an important place for itself in several specialised corners of the US market over the past four years.

Airedale, a privately owned company with annual sales of £21m and a workforce of 520, sells £3m of air conditioners a year in the US and has recently opened its own factory in Philadelphia.

The British company initially went into the US with its main line – air conditioners for computer rooms. In response to demand from American customers, it went on to modify an office air conditioner for use in school classrooms. Now it is adapting the classroom system for use in telephone exchanges.

To get to this position in the US, Airedale had to modify its equipment to American technical and safety standards; weather a sharp rise in the value of the pound against the dollar; and screw down its costs to maintain its early toehold in the market.

Chris Carrington, Airedale's marketing manager, attributes the company's success in the US in large part to sheer determination. It is true that Airedale's persistence exposed some of the misconceptions which deter many smaller British companies from even attempting to break into the American market.

"People fear that the Americans are super duper businessmen who cannot be beaten," explains David Burnikell, head of the Department of Trade and Industry's (DTI) North American Export Branch. "They aren't, though they are very efficient in certain areas and their expectations of service are far greater than ours." British businessmen also often assume that American products will be technically superior. In some high technology areas they are; but Airedale's Carrington says his products beat the local competition on quality. Airedale says its control systems are better; its units fit more easily into building management systems; while reliability is improved by doubling the number of drive motors.

Despite the achievements of companies like Airedale, some people in the export business are concerned that British firms are ignoring the American market because so much emphasis is being placed on Europe and the creation of a single barrier-free market in 1992.

"What worries me is that this hype to push people into Europe is causing them to neglect the US," says Ian Weatherhead, head of the North American section at the London Chamber of Commerce. But why should exporters set North America as a target? "The US is an exporter's dream," says the DTI's Burnikell. "It is a huge market. People have plenty of money. And they speak English." In 1988, 238m Americans bought £11bn worth of British imports.

Not surprisingly it is not only British exporters who have cottoned on to these advantages. The attractions of the American market mean that everyone else is also trying to break in. The size of the American continent and the distance from Britain, however, mean that the cost of establishing a presence is a particular burden on the smaller exporter.

Managements nearly always underestimate the costs and lead times involved in establishing a market presence against established American competitors, according to a survey of small British high-technology firms in the US carried out by the London Business School.

Robert Adeney, chairman of Swaine, Adeney, Brigg & Sons, a manufacturer and retailer of umbrellas, sporting guns and leather goods, is not in the high-tech field but he confirms that breaking into the US market can be costly.

Adeney opened a shop near San Francisco's fashionable Union Square five years ago. With hindsight he says he underestimated what it would cost to get established.

"You must expect to spend more than you budget for," says Adeney, whose 250-year-old company has total sales of £4m and a workforce of 100 people. "Our marketing in the US was not nearly strong enough and we needed more finance for promotion. You need a comfort level of funds for when you meet snags." Adeney reckoned it would take three years to reach break-even point. It took four.

Adeney decided to locate in San Francisco because, unlike brash Los Angeles, it had "old money" customers who, he felt, would be attracted by quality English products. For many exporters, however, the choice of where to start in the US is less clear cut. Some make the mistake of trying to cover the whole country.

"Many small and medium-sized companies feel they have to be represented across the US," says David Burnikell. "They do not realise that a customer in Los Angeles does not want to be handled by someone sitting in New York. Companies should identify target areas and develop from there."

Christopher Loose, managing director of WMS (International) a Taunton, Somerset-based supplier of preserves and teas, sheepskin and leatherwear, says his first attempt to break into the US market (with a range of medical products unrelated to his present business) was unsuccessful because he tried to take on the whole country.

"One distributor, an expat Brit with impeccable credentials, persuaded me he knew the whole market," he recalls. "But he didn't. I wasted six months while my supplier wasted money shipping samples."

WMS, which has £250,000 worth of sales (half to the US) and a staff of four, has built up business in Seattle, California and New England and is now trying to break into the Sunbelt.

The alternative to concentrating on particular regions is to select particular product sectors. The American market is so big that even quite specialised sub-markets can provide substantial business. Airedale concentrates on three niches in the air conditioning market. A bedding manufacturer could choose between serving the home, hotel or military markets, says David Burnikell. The London Business School study suggests that for the high technology company making "big ticket" products a success will depend on identifying a few early adopters of the new technology. Firms with more established products should focus on winning a key customer whose decision to buy will influence others.

Chris Carrington: sheer determination a key to exporting

Before attempting to break into the US market the exporter must identify which, if any, of his products will sell. "Make sure your product is relevant," advises David Burnikell. "Don't make an issue of the fact that your product has a 25-year life if you are selling in a state which has a tax regime allowing companies to write it off over three years."

Robert Adeney says he thought hard about which products he should offer in his San Francisco shop but still had to return or discount a significant proportion which did not sell. Adeney says he misjudged the Californian climate and found that his tweed hacking jackets were made from material which was too heavy while his fully lined jackets were also unpopular.

He also underestimated the spending power of wealthy Californians and found that the most expensive items sold out straight away while middle of the range items sold less well.

"The choice of which products to offer in the US will depend in part on the ability of the item to absorb the cost of shipping and duties. Competing on price alone with low-cost items is therefore unlikely to succeed as a strategy. Exporters should concentrate on offering quality and value for money, urges David Burnikell.

Once the would-be exporter has made a decision on the products and the target markets he must then choose how to distribute them in the US. Importers and distributors will normally buy a consignment outright and handle the marketing, pricing, storage and distribution themselves. Agents, on the other hand, will take orders and send them on to the exporter who then ships direct.

Distributors and agents can provide invaluable contacts for a small business which is new to the market but they do impose an additional cost on what is already an expensive operation. Woods of Windsor, which makes pot-pourris and other perfumed gift items, stopped using an American distributor and set up its own distribution network after exchange rate fluctuations put pressure on margins.

"Distributors do make enormous margins in the US," says Roger Knowles, Woods' managing director. "They can double the landed cost and this exacerbates the problem of pricing." Woods now has its own US sales manager, a warehouse on Long Island and a network of freelance agents with their own permanent showrooms covering the largest centres of population. It expects to make $4m worth of sales in the US next year out of a total of £7m.

Airedale also worked through a distributor when it first went into the US. But, following the rise of sterling against the dollar, it bought out its distributor two years later and merged it with its US service network.

Robert Adeney decided he needed a shop to sell his products in the US but it has only been since he opened his San Francisco outlet that he realised the importance of mail order for Americans. "Someone bought a $850 walking stick over the phone with a credit card," says Adeney. "In the UK they would have wanted to come and see it themselves before paying out that sort of money."

Euro network slow to generate agreements

Smaller firms in Britain and Spain are the keenest to establish links with their counterparts in other European countries, according to the use which is being made of a new European Community co-operation network.

The Business Cooperation Network or BC-Net was set up a year ago to encourage links between small businesses throughout the Community. Four hundred advisers, such as consultants, banks and development agencies, which are affiliated to the network, compile profiles of businesses which are keen to co-operate. These are then filed with a central registry in Brussels and matched with those from other countries.

More than 10,000 profiles have been filed since the network was created of which just over 6,100 are still held on the system. British businesses account for 23 per cent of those listed followed by Spain with 21 per cent. Belgian small businesses represent 13 per cent and Italian and French companies 12 per cent each. Perhaps surprisingly West German businesses account for only 7 per cent while Dutch firms, possibly because they are already internationally oriented, only just over 1 per cent.

Despite the large numbers of profiles which have been completed, progress to reaching agreement takes some time and only a relatively small number of co-operation agreements have been signed. Many businesses are suspicious of the value of such large-scale networks on the grounds that they produce few proposals of any real quality. The organisers of the network argue that its benefits are the speed with which it works and the confidentiality it guarantees users.

A breakdown of the types of co-operation which were being sought described 60 per cent as commercial, 22 per cent as technical, 11 per cent as financial and 7 per cent as general.

A spin-off of the the network is the increasing degree of cooperation between the 400 advisers. They are developing direct links with each other, thereby contributing to the informal networks which are so useful to small firms.

The BC-Net is currently available throughout the European Community but its organisers are considering extending it to non-Community states in Europe and around the Mediterranean.

Contact your local development agency, bank, chamber of commerce or financial adviser for information on the BC-Net.

Charles Batchelor

In brief. . .

■ New businesses are being created at a faster rate in London than in the UK as a whole, according to a new survey* by the London Chamber of Commerce.

New businesses registered for VAT increased by 4 per cent in 1987 compared with 3 per cent throughout Britain, a reversal of the trend in the early 1980s when new businesses in London increased more slowly than the national rate.

The finance and business service sectors in the capital rose by 6 per cent; construction rose 7 per cent while "other services" (including leisure, postal and courier services) rose by 10 per cent.

London's Economy: Trends and Prospects into the 1990s. Available from the chamber at 69 Cannon Street, London EC4N 5AB. £45 to members, £65 to non-members.

■ A fair and conference aimed at promoting trade between the European Community and the US are to be held in Frankfurt in October. Export '89 is intended to cater primarily for the needs of small and medium-sized businesses.

The conference will cover topics such as the expansion of trade between Europe and the US, technology transfer and the development and management of markets. A series of seminars to be run in parallel will look at trade barriers, financial assistance and legal questions.

The fair will be held from October 25 to 23 while the conference will run from October 27 to 29. Both will be held at the Frankfurt Exhibition Centre.

Contact, in the UK, The National Federation of Self Employed and Small Business. Tel 01 928 9272.

صحكذا من الاجل

BUSINESS FOR SALE

FT LAW REPORTS

Cargo buyers cannot argue shortfall

THE WISE

Court of Appeal (Lord Justice O'Connor, Lord Justice Mustill and Lord Justice Nourse): July 7 1989

AN AGREEMENT to unblock stranded cargo without prejudice to the legal position under the cargo sale contract, confines subsequent litigation under the sale contract to rights in dispute when the without prejudice agreement is made if, at that time, the dispute has crystallised in that the parties have formed specific views as to its basis, and the agreement is made with those views in mind. And, accordingly, in the action under the sale contract, the buyer cannot advance a new case based on shortfall if, when the without prejudice agreement was made, his case was based on late delivery.

The Court of Appeal so held when allowing an appeal by Vitol SA, seller of cargo carried on the Wise, from Mr Justice Leggatt's decision that the defendant buyer, Esso Australia Ltd, would have been entitled to reject cargo on grounds of shortfall.

LORD JUSTICE MUSTILL said that on February 11 1986 Vitol sold Esso 29,000 to 31,000 metric tonnes of premium motor spirit c & f (cost and freight) Hobart and Melbourne.

By clause 9 of the contract, delivery was to be by March 20 to 30 1986. Clause 12 provided that title and risk passed on loading.

On February 25 Vitol chartered MV Wise to lift the cargo. On February 26 it broke the news of likely shortfall to Esso. The contract was varied to provide for a minimum of 27,500 metric tonnes, with discharge of 7,500 at Hobart. The vessel was able to load only 26,895 metric tonnes, leaving her about 2 per cent short of the minimum contract quantity.

Her estimated time of arrival at Hobart was March 29.

On March 6, the day after she sailed, the vessel was hit by an Exocet missile fired in the Gulf war, 95 miles of Qatar. The crew abandoned ship.

On that date Vitol advised Esso that the quantity loaded was 26,895 *metric tonnes* - less than anticipated. Esso replied asking for documents and information as to Vitol's ability to deliver on time.

Esso believed that, notwithstanding the c & f terms, the arrival dates in clause 9 turned the transaction into a "delivered" sale. It decided not to take the shortfall point at that time, because it could not get supplies elsewhere.

It made no mention of rejection on the ground of shortfall.

On March 9 Vitol faxed bills of lading to Esso. Although they showed the cargo was *short-shipped*, Esso did not raise the point. Instead it replied "please advise your intention regarding delivery."

That reflected Esso's view that it was concerned with a delivered contract, under which Vitol was obliged to get the right quantity of cargo to destination on time. Under a c & f contract there would be no such obligation. If the voyage ran into difficulties the buyer would have to make his own arrangements.

By March 12 the vessel was anchored off Dubai, and it was known that the cargo tanks were undisturbed.

By March 21 Vitol had heard that Esso was contemplating action for late delivery. On that date the shipowners abandoned the voyage.

On March 25 Esso's solicitors wrote to Vitol's solicitors stating that Esso considered the risk in the cargo had not passed, but remained with Vitol. They said the agreement had been frustrated as a result of the missile attack, and both parties were released from further performance. If the agreement had not been frustrated, they said, Esso would be entitled to reject the cargo if not delivered by March 30.

A few hours later they wrote suggesting that the practical problem of the oil should be dealt with on a "without prejudice" basis, leaving resolution of the legal position to a later date. On March 26 Vitol's solicitors replied favourably to the without prejudice proposal. They said their clients took the view that title and risk passed to Esso on loading, that the missile attack was not a frustrating event, and that delay arising out of the attack did not allow Esso to reject for late delivery.

They said Esso purported cancellation of March 25 was a repudiatory breach accepted by Vitol, for which Esso would be held responsible in damages.

On April 11 the parties entered into a "without prejudice" agreement. It set out their respective views as to the legal position under the sale agreement. It stated that notwithstanding those views, Esso was willing to take delivery and arrange on-carriage, "without prejudice to the legal position between the two parties under the sale agreement."

The without prejudice agreement was performed according to its terms. Esso procured the cargo's on-carriage to Australia. The parties then proceeded to litigate in the Commercial Court. Two factual questions arose on the pleadings - (1) whether it was agreed at the time of the sale contract, that Vitol would make up shortfall by purchasing cargo in Australia; and (2) whether there was a trade custom whereby the passing of property would be suspended until the buyer accepted the seller's nomination of the carrying vessel.

In addition, the evidence touched on the buyers' intentions with regard to rejecting documents or cargo on shortfall grounds if all had gone well, and what the sellers would have done if there had been no without prejudice agreement. Waiver and estoppel were briefly explored. The without prejudice agreement was not in the *judge's mind* until late in the proceedings and its language and structure were never fully explored.

Mr Justice Leggatt determined question (1)in favour of Esso, and question (2) in favour of Vitol. There was no appeal on those points. Nor was there any appeal against his rejection of Esso's proposition that the sale contract was a "delivered" contract.

On the present appeal the position was quite different from in the court below. The situation was that occasion for rejection of documents never arose, since they were never tendered. Esso was aware of shortfall from an early stage but did not rely on it until the present action. *On the grounds* mentioned in its letter of March 25, Esso had failed.

What the court was now asked to do was to decide whether Esso could say it would have had a right to reject the documents when tendered, and so vindicate the letter of March 25. Vitol argued that the purpose and effect of the without prejudice agreement was to confine the argument on existing rights to those already in dispute when the agreement was made.

That was correct.

Under the without prejudice agreement Esso was willing to make arrangements and "leave over the legal position of the parties to a later date."

The effect of a without prejudice agreement would often be that the underlying dispute was freely litigated independently of the interim arrangements. The present agreement was different. It was plain that its draftsmen saw themselves as dealing with a dispute which had crystallised on March 25 and 26. Neither they nor their clients had any notion that the dispute should depend on a point never previously mentioned.

The agreement was intended to reflect the existing dispute, not to enlarge it, and it crystallised the issues for decision by the court as defined by the letters of March 25 and 26.

Esso could therefore not now be allowed to advance an entirely new case on shortfall.

The same conclusion was reached by a different route.

Esso's conduct, taken as a whole and including its participation in formulating the terms of the without prejudice agreement, was such that it could not fairly be allowed to rely on its new point.

Whether the principle which led to that conclusion was expressed in terms of waiver or estoppel was not important. Either way one would look for conduct by Esso conveying that termination of the contract was not founded on shortfall, and for reliance by Vitol on the impression thus created.

Both those *elements* were present.

By March 10 Esso was in possession of copy documents which made the shortfall obvious. Two weeks later it advanced its three propositions, none of which was founded on shortfall. Two weeks later still it was ready to sign an agreement which defined the dispute in terms of those propositions.

That was a clear intimation that those and no others, were the arguments on which it was going to rely.

Esso's reticence as to shortfall led Vitol to take a different course from the one it would have adopted if all the cards had been on the table. The necessary element of reliance was established.

For those two reasons, neither of which was developed before the judge, Esso ought not to have been permitted to rely on the fact that the quantity shipped was less than the contract quantity.

The appeal was allowed.

Lord Justice Nourse and Lord Justice O'Connor agreed.

For Vitol: Gordon Pollock QC and Bernard Eder (Ince & Co). For Esso: Stephen Tomlinson QC and Stephen Kenny (Thomas Cooper & Stibbard).

Rachel Davies
Barrister

ARTS

Another slice of the Chantrey Bequest

From Sheffield, **William Packer** discusses the merits of a very idiosyncratic, British collection

To celebrate rather more than a 100 years of collecting by private benefaction in the public interest, the Graves Gallery in Sheffield, one of the liveliest civic galleries in the kingdom, is showing *Within These Shores* (until September 2), a selection of works bought for the Nation under the terms of the Chantrey Bequest.

Sir Francis Chantrey, a sculptor phenomenally successful in his time, died in 1841 but his bequest did not come into effect until the death of his wife in 1875. He had left the major part of the income from his estate to be used for the purchase "of works of Fine Art of the highest merit in painting and sculpture that can be obtained either already executed . . . or which have been entirely executed within the shores of Great Britain."

By the terms of the will, the President and Treasurer of the Royal Academy were to be two of the five trustees, ex officio; and effectively the Academy has been responsible for the administration of the Bequest ever since, the first purchases being made in 1877.

Since its foundation in 1897, the Tate Gallery has been on the receiving end of Chantrey's delegated generosity, at times to its wonderful embarrassment. With the best of intentions, the trustees regularly forced upon it slices of the home-made Art Cake that it really did not want and had no room for – "thank you very much, but we are on the strictest diet: oh dear, if you insist." There was little for it but to accept with more or less grace, and push it discreetly to one side.

All collections that deal in the currency of art must grow, and so come in time to hold rather more than can ever be shown at once. How frustrating it must have been to see good money spent on what was not wanted, and how nice it would have been to get rid of the tiresome stuff altogether, that silly Alma-Tadema and the Clausen, the sentimental Laura Knight, the fussy Tonks, the flashy Kelly, the Shannon, the Munnings, above all the Munnings. How easily could de-accessioning, had it been possible, have become a habit.

De-accessioning is the word, that bright idea beloved of those secure in the belief that our great collections have too much art as it is, cost too much anyway, and could well raise the odd few million they say they need by selling off a few spares. American institutions are uninhibited by statute in this respect, yet the recent experience of the Kimbell Museum at Fort Worth should give us pause. It sent to the saleroom in New York good paintings by artists for the moment out of favour – that was the excuse – such as Elizabeth Vigée le Brun and George Romney, which, such is the luck of the market-place, went cheaply or were bought in.

Taste is not judgement, and is notoriously fickle. Curatorial taste, which so readily passes for judgement, is often the most narrow and myopic of all, and the more dangerous for carrying with it the authority of scholarship. The best art is not always the most popular, that which conforms to the critical orthodoxy of the moment not always the only thing worth having. Question for public museums: what do you do when what you once had in hand becomes not only desirable once more, but too expensive to recover? Government answer: sell something else. Moral: you can't have your cake and eat it too.

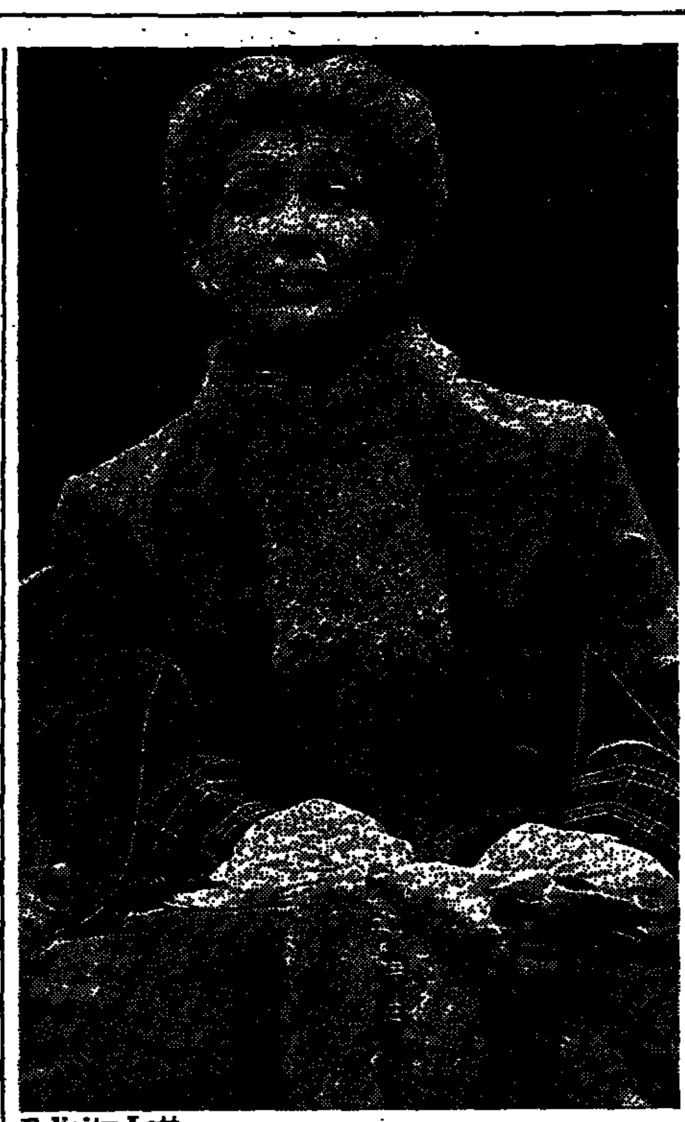
As it is, we do still have our cumulated Chantrey Cake, and how full of plums it proves to be. It now comprises a collection in public hands that, in the light of renewed critical interest in British Art of the modern period, offers an image of its subject all the more intriguing and representative for the piecemeal and arbitrary manner of its achievement – a true sample. Given the current level of prices on the one hand and official funding on the other, it contains so many outstanding individual works that it would be impossible ever to bake again on such a scale.

The Chantrey Bequest is an idiosyncratic, very British device whereby we have repeatedly acquired works of art we never knew we wanted and now would never choose not to have. The range has been wide, though perhaps not so wide as it might, indeed should, have been. Certainly the work of artists visiting from abroad has been too much ignored, which is a pity. Yet it is not really the range that is the point, for acknowledged contemporary masters, native or foreign, would have been collected in any case. The strength of the Chantrey Collection lies rather in the quality of the individual works of all kinds, no matter whether or not they conform to the major movements of their time.

A national collection, such as the Tate, that would monitor only the work of the avant garde or engagé, would be no true national collection at all. Such artists as Hitchens, Spencer, Dobson and John, Pasmore, Bell and Grant, Gilman, Epstein and Gaudier-Brzeska, all represented here by strong and characteristic works, no doubt would figure anyway. But there should also be a place in any such collection for the likes of Carel Weight, Norman Blamey, Peter Greenham, Elizabeth Blackadder and Sheila Fell. And without the Chantrey's insistence, at least in the first instance, the doubt would remain. The role and chief virtue of the Chantrey, therefore, is to offer, not a complement, but a supplement and even contradiction to the institutional judgement.

The show is full of treats, some familiar, some surprising: an exquisitely sharp Tristram Hillier of the square at Alcañiz; an Edward le Bas interior; Thomas Lowinsky's portrait of Mrs James McKie; James Patrick's "Winter in Angus," with the return of the shooting party through the snow. The large Laura Knight landscape with figures c.1920, of Spring in Cornwall, bought in 1935 for £400, is simply magnificent. Her husband Harold's "Student" is as fine a realist portrait as any of the 1930s. And with every sighting, Rodrigo Moynihan's large group portrait of 1951, of the painting staff at the Royal College, seems more and more a masterpiece.

"Spring in Cornwall" by Dame Laura Knight. Oil on canvas, 1916-20



Felicity Lott

Arabella

GLYNDEBOURNE FESTIVAL

Expertly revived by Monique Wagemakers in John Cox's 1985 production, Richard Strauss's opera again makes a thoroughly happy evening. Not, however, with the expected new hero Sergei Leiferkus: he withdrew two weeks ago, and has been replaced by the original 1985 Mandryka, Peter Weber. (For the last seven performances, from August 6, Oskar Hillebrandt will make his British début as Mandryka.) Other members of the original cast reappear, and the newcomers are excellent; everything remains in delightful order.

Felicity Lott's Arabella is even more bewitching than before, when she melted gloriously, once in love – but after a governessy Act I. Arabella is taken to be a flirt and a tease, and though we learn better, we need to see that public surface if we're to appreciate the "real" Arabella's depths. Those stiff first-act edges have been softened now (her headgear too, I think: what I remember was a prim pillbox). She smiles more, and strikes bright, knowing sparks with her Count Elemer: Kim Begley, an urbanely flamboyant figure several cuts above the usual self-regarding tenor or lusty Hooray Henry. Meanwhile her phrasing, musically flawless, carries a wealth of undertones, whether in perfectly floated pianissimo or at bold, open-throated climaxes beyond the Flott (as she's known in the trade) norm.

In fact the Flott Arabella has become as treasurable a performance as her Marschallin or her *Capriccio* Countess. Those flashes of spirit – with Elemer, and most aptly with Mandryka at the end ("You'll have to take me as I am!") – add an invaluable spice that we could do with more of, but perhaps it's impertinent to ask. If Harolyn Blackwell's Zdenka, who has a serious tan and is small, makes a genetically unlikely sister for her, they play to each other with such lively tenderness that we promptly accept them. Miss Blackwell limns her role with energy and flair as well as sweetness, and their duet about "the right man" carries its full magic.

Ideally Mandryka needs more romantic weight than Peter Weber's baritone can supply, but on his somewhat reduced scale of passion (nearer to operetta than the full-blooded Straussian article) Weber renders him in sensitive detail. Lanky with lank mustachios, he is no rough macho diamond, but he is very touching when he fears that he's blown the whole affair. Ernst Gutstein repeats his charmingly frayed, dapper Waldner père, and Elisabeth Glauser's Mama is nicely distrait.

Besides Elemer the other rueful swains, Counts Dominik and Lamoral, are stamped with more character than their roles would seem to afford by Gerald Finley and Alastair Miles. Sunny Joy Langton yodels with a will as the Fiakermilli. Zdenka's poor, brave Matteo is David Kuebler, who does the erotic addlement with conviction, though unaccountably he lets his one beautiful phrase ("Welch' süsse Stimme ruft mich an?") go for nothing.

Conducting the London Philharmonic, Graeme Jenkins makes the excited orchestral chatter uncommonly swift and brilliant, the long rapt sighs sustained and limpid, with refined, shimmering textures. The real musical variety of the score is vividly brought out, but he is kind to his singers too. The Jenkins career is developing apace. In any case, this irresistible performance will enhance the names of pretty well everybody involved.

David Murray

Bastille Day

OPERA BASTILLE

The inaugural schedule at the Opéra Bastille complex has been given over to orchestral concerts in the Grande Salle and song recitals in the Amphithéatre.

This plan was designed to put into action, non-operatically speaking, those two of *the four Bastille auditoria open* for business. The small 280-seater Studio is still incomplete, as is the Salle Modulable, with its variable seating (from 500 to 1,000) and chameleon possibilities for all forms of experimental music-theatre – work on the latter was temporarily halted during the last Chirac government, as part of the political warfare that so much marked the Bastille birth process, and *will probably* commence operation only in 1991.

On the second day of launching week, Bastille Day itself, the place was at last thrown open to the people of Paris. The early-evening concert given by the Paris Opera Orchestra and Chorus, conducted by Georges Prêtre was a genuinely-popular event – Berlioz's magnificent extended version of the Marseillaise (shorn here of most of its verses) followed by his tremendous Te Deum for adult and children's choirs, organ and large orchestra.

Not much music of any length or substance, and almost none from the appropriate period, has gone to make up the Bicentenary celebration programme; but at least France's greatest composer and his elevated vision of popular art formed the most substantial part of it.

It was a "concert gratuit", and all of Paris, it seemed, was waiting to get in to hear it – though every ticket had been given away long before, there were chaotic scenes at the entrance as milling hopefuls and desperate ticket-holders jostled each other to gain access.

The concert itself started at least an hour late; the British *visitor caught in the cross-current* who might have wished for a little British phlegm to temper both the high spirits and the long-term planning of the Bastille Day programme needed to remind himself that in Britain no such events would be happening in the first place. Our present leaders see no need for any new popular arts complexes; one doubts, in fact, whether they see the need *for any of the old ones, popular* or otherwise!

It was marvellous to hear the Te Deum in the new theatre: a work of this scale and stature is always an event *every time it is performed, and* it was here given with an exhilarating urgency, precision and French *forwardness of* timbre – Prêtre, always a volatile and in the past a somewhat *self-indulgent* conductor, has matured. It was also marvellous that the Grande Salle was being given the thorough acoustical shakedown that only Berlioz, with his architectural conception of music embracing a huge dynamic range, can achieve.

The orchestra and chorus were placed on the stage in tiered ranks within an enclosing shell, the organ to the side. For all the intentionally-neutral quality of the design, the visual spectacle was exciting. One began to get thrilled about the prospects and possibilities for this theatre, with its airy external vistas (from the top balconies there are splendid views across the Paris rooftops) and its awareness of practical considerations.

But at the same time, one began to feel definite alarm at some of the acoustical indicators thrown out during both this Berlioz concert and the previous evening's operatic medley (on which I reported on Saturday). From a centrally-placed seat midway back in the stalls, Berlioz's clear piles of vocal and instrumental sonority became at once dangerously-clouded and unpleasingly edgy at full volume. The music gave the impression of keeping at a distance, never offering its proper overwhelming physical embrace; and in the tenor solo (taken by Jean Dupouy) a sense of *effort* in the projection seemed *to* be the hall's fault, not the singer's. Obviously, a real opera is needed for secure confirmation or contradiction of such impressions.

A word about the 500-seater Amphitheatre in the bowels of the building – clean-lined, gleaming in white stone, rather unwelcoming in its cushionless seating arrangements, a place for chamber concerts and lectures. This week, a troupe of young French singers is giving a series of afternoon recitals. The first was Hélène Perraguin, *a deliciously fresh-voiced* lyric mezzo with particular agility and imagination in Bizet and Falla songs. But once again, one started to fret over tenebrous, unfocussed acoustics.

The Bastille complex may have thrown open its doors: the work of finishing and fine-tuning has only just begun.

Max Loppert

French music in New York

Over here, the bicentenary of the French Revolution has so far been celebrated with music mainly monarchical. The famous Arts Florissants production oft Lully's *Atys* – known as l'Opéra du Roy, Louis XIV's favourite opera – came to the Brooklyn Academy for four triumphant performances and conquered New York as it *has every* city in which it has played.

No longer can Lully be deemed a dull composer – not after this *Atys*. If I don't rave on for a paragraph or two *about the merits of the alter*nating Anglo-American and Franco-Belgian casts, and the way *historicism and contempo*raneity were combined in the presentation, it is only because the production has already been amply reviewed on this page. It came to New York thoroughly prepared – not as routine but a production now so secure that the executants could be free, spontaneous, inventive without fear that colleagues in the orchestra or onstage would lose them. William Christie, conducting with now a glance, now a finger, was at once anchor and inspiration This *Atys* set a standard toward which local enterprise strives in vain.

During the run of *Atys*, Skip Sempé's Capriccio Stravagante ensemble, Paris-based, made its American debut, and confirmed suspicions that the Americans who care most about French baroque music move to Paris. This was an elegant concert, with Guillemette Laurens – one of the Cybeles in *Atys* – as a dazzling soloist.

And then the Boston Camerata gave us Jean Gilles' Requiem, billing it – in the Revolution's bicentenary – as "reflecting in musical terms the glory of the court at Versailles." The Gilles Requiem is a good way to be sent off: it blends Lullian formality with the melodic gentleness and charm of a Fauré. It accompanied the composer's own funeral (1705) Rameau's (1764) and Louis XV's (1775). But the Boston *Camerata gave it a* plodding performance.

There are Revolutionary works one feels curious about. Grétry wrote a *Rosière républicaine* that ends with nuns being stripped of their habits and being made to dance the carmagnole. Gaveaux' *Lonore* was the source of Beethoven's *Fidelio*. But the Revolution was celebrated in New York, at the Alliance Francaise, with a production of Rousseau's *Le Devin du village*, an opera that *was first performed* before Their Majesties at Fontainebleau in 1752. *Le Devin* held the *stage for a long time*, it was still being done at the Opéra in Berlioz's student days. He was scornful of "the little songs, the little rondos, the little fol-de-rols" with which Rousseau thought he had "crushed" the more intricate Rameau. Rameau, for his part, called Rousseau a musical ignoramus.

Le Devin is slight, not a patch on the 12-year-old Mozart's adaptation, *Bastien und Bastienne*. Some of the tunes are pretty, and one of them, launched toward the close, holds attention – through many repeats – by its teasing five-bar structure with a four-bar refrain. The piece was done by *Concert Royal*, a New York company whose director, James Richman, has long *struck me as undancing, rhyth*mically stodgy. The period choreography was by his wife, Catherine Turocy, and was executed in a prim, self-conscious manner. The Colette played for cuteness, the Colin was a stick, and the soothsayer was bumbly. Not much fun.

On June 21, over 200 events, all over the city, formed a *Fête de la Musique*. They included 52 French saxophonists, "in space-age costumes," in the Cathedral of St. John the Divine. I chose Mady Mesplé's debut recital here. Her voice is now small, but it is true and telling. She used it with delicate, elegant art, in exquisite accounts of Gounod, Ravel, Satie, and Poulenc – with a bewitching "Plaisir d'amour" as an encore.

Andrew Porter

Borodin Trio

WIGMORE Hall

Amidst the current rush to promote concerts in London as thematically linked events, the Wigmore Hall's "On this Island" series has only had a limited impact. But the lover of British music has made unexpected gains in those Wigmore recitals where an occasional piece of Delius, Warlock or Frank Bridge has infiltrated into the standard Austro-German chamber music camp.

On Saturday it was the return of Arnold Bax whose B-flat Piano Trio crept into the programme of the visiting Borodin Trio. Not that the work *sounds* especially British: apart from the slow movement, where the strings in octave unison offer up a serene hymn to the English pastoral tradition, this is vigorous and outgoing music. Its finale, mordant, sarcastic, often quite discordant, puts on a mischievous face that could almost be that of Prokoviev.

So it was not at all inappropriate that the Borodin Trio should attack the score with near-Russian force and energy. But then with the possible exception of this opening work's Adagio (where the string playing was vibrant beyond the requirements of music so self-effacing in manner) it was the complete *grasp of style that made this* recital so compelling. At no point did Bax sound like Beethoven, or Beethoven like Brahms.

The other two works on the programme were both, in origin at least, youthful pieces. The G-Major Trio of Beethoven, Op. 1 No. 2 received a spirit performance that defines the early Beethovenean style with total assurance. Notwithstanding some fine lyrical play from violin and cello in the slow movement, *the impression was unfailingly* elegant and rhythmical, live in movement, pointed in rhythm, and with a hint of toughness where appropriate.

After the interval came no less marvellous an account of the Brahms Piano Trio, Op. 8, the sound now deep and warm, the scale of fully romantic proportions. Perhaps the most powerful climaxes came too close to barnstorming. But it is not often that one hears music-making as finely judged as on the *Adagio* here, where the Borodin players felt and communicated *the long movement* as *though* to a man: this was ensemble playing of the highest calibre.

Richard Fairman

ARTS GUIDE July 14-20

OPERA AND BALLET

London

Royal Opera, Covent Garden: The Royal Opera's sugary *Die Zauberflöte*, with its fake-18th century perspectives and rompish routines, returns with an excellent cast – Keith Lewis, Karita Mattila, Mariella Devia, François Le Roux, and Robert Lloyd – and Colin Davis as conductor. Further performances of Rossini's *L'italiana in Algieri*, revived for Marilyn Horne; and of *Cavalleria rusticana* and *Pagliacci*, with Robin Stapleton as conductor and casts including Ghena Dimitrova, Diana Soviero Vladimir Atlantov and Piero Cappuccilli. On July 18 the English Bach Festival presents a single Covent Garden performance of its period-style production of Gluck's *Alceste*, first shown at this year's Monte Carlo Festival.

Paris

Grand Palais des Champs Elysées. American Dance Theatre: AlvinAiley: *Rainbow around my Shoulder*, *Memoria*, *Revelations* (48787500).

Paris Opéra. *Spectacle Balanchine* alternates with *Don Quixote* in Rudolf Nureyev's choreography after *Petipa* and with *Tarare*, Antonio Salieri's opera after Beaumarchais, conducted by Jean-Claude Malgoire. (47425371).

Frankfurt

Opera. Offenbach's three one act operas, *Die verwandelte Katze*, *Die Insel Tulipatan*/*Monsieur Choufleuri* returns with Monsieur Beaujolais company and singers June Card, William Cochran and Sona Cervena. Also the successful opera debut of Langhoff's *Ein Sommernachtstraum* production, supported by the wonderful singing of counter-tenor Jochen Kowalski, Audrey Michael, David Bennet, Valdimir de Kanel, Mira Zakai and Douglas Johnson.

Munich

Opera. Munich opera festival. *Die Zauberflöte* has a strong cast led by Hellen Kwon, Helen Donath, Francisco Araiza/Goesta Winbergh, Jan-Hendrick Rootering/Kurt Moll, Wolfgang Brendel and Frances Lucey, conducted by Bernhard Klee. The new festival production of *Mathis der Mahler* by Kurt Horres has John Broecheler, outstanding in the title role. *Il Barbiere di Siviglia* in Feruccio Soleri's ordinary staging, convinces thanks to the talented American singer David Hampson in the title role, Julie Kaufmann (Rosina), Jan-Hendrik Rootering (Basilio) and Robert Gambill (Almaviva). Richard Strauss' *Die Liebe der Danae* stars Sabine Hass, Andrea Trouboth, Spas Wenkoff, James King, Roger Roloff and Claes H. Ahnsjoe, conducted by Wolfgang Sawallisch. A Stravinsky ballet evening rounds off the week.

Milan

Teatro Alla Scala. Last performance of this season is Francesco Cilea's *Adriana Lecouvreur*, conducted by Gianandrea Gavazzeni, with Natalia Troitskaya as the betrayed actress of the title, Alessandro Cassis, Alexandrina Milcheva, Patricia Dordi and Walter Gullino (Sat) (80.91.26).

Rome

Terme di Caracalla. The Rome Opera's ballet company dancing Prokofiev's *Romeo and Juliet*, with choreography by the company's director, Mario Pistoni. Elisabetta Terabust and Raffaele Paganini alternating with Margherita Parrilla and Mario Marozzi (Sat) (46.17.55).

Orto Botanico: Romaeuropa Festival. *Insurrection* – a work dedicated to the French Revolution by the young French choreographer Odile Duboc is performed by the Contre Jour company, with dramatic use of speeded-up crowd movement (Thur) (4744776 or 6544601/2).

New York

New York City Opera. Revival of Bernstein's *Candide* highlights the week conducted by Stanley Silverman in Harold Prince's production, last seen two years ago. The week also includes *Rigoletto* with Pablo Elvira in the title role conducted by Scott Bergeson and *The Merry Widow* conducted by Imre Pallo with Michele McBride as Sonia. *Lincoln* Center New York State Theatre (877 4700).

Kirov Ballet. *La Bayadère*, *Potemkin* and *Sleeping Beauty* are included in the week's programme during the company's first visit in a quarter century. Lincoln Center Opera House (362 2080).

'Summer in the City'

A ski slope on the roof, pianists in the concert hall and fireworks by the Barbican lake are just three of the attractions in the Barbican Centre's family festival, *Summer in the City*, which runs from July 28 until August 3.

The seven-day festival for the school *holidays* provides more than 80 hours of entertainment for children and *adults, half of which is free.*

Artistic directors of the event are once again the King's *Singers who open the festivities* on July 28 at the Barbican Hall.

FINANCIAL TIMES
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BAT: no to a reference

IT MAY NOT be quite the same as the three card trick. But a takeover in which a trio of entrepreneurs simply offers to hand back to shareholders what they already own in a less attractive form is just the sort of thing to arouse the inquisitive instincts of the regulatory authorities. All the more so when the bid target is the tobacco-to-insurance giant BAT Industries and the £13bn offer is to be financed by unquoted IOUs from an off-the-shelf Bermuda-based shell company. If this were taken as any kind of precedent, the British corporate sector would quickly become very heavily borrowed and the system would be awash with the kind of poor quality paper known in the US as junk bonds. Can such a bid really be allowed to escape a reference to the Monopolies Commission?

Under the Tories the thrust of policy in relation to takeovers and mergers has focused firmly on the state of competition in the market place rather than the wider public interest. This has the merit of providing reasonably unambiguous guidelines to those who engage in takeover activity. It also reduces the scope for the public interest to be invoked as a cloak for party political interest. If the Director General of Fair Trading is to retreat from pure competition criteria in making his recommendation to the Secretary of State for Trade there would need to be strong grounds for thinking that the market was less able than the Government to secure a sensible outcome. In the case of BAT it is far from clear that this is so.

Predators' case

That is not to say that there is no evidence here of market failure. Indeed part of the case for breaking up the company lies in the way that the market has failed to exercise a discipline over the BAT management's conglomerate aspirations. Sir James Goldsmith and his fellow predators, Mr Jacob Rothschild and Mr Kerry Packer, argue that this strategic move has cost shareholders dear. Not only has the company failed to escape the lowly rating accorded by the stock market to tobacco companies; it has generated only pedestrian earnings from acquisitions in unrelated areas. And there are plenty of fund managers who feel sympathetic to the argument, while privately expressing grave reservations about the people who are making it.

Excusable failure

Market failure, in this instance, was undeniably the fault of those same fund managers. But excusably so; for their reluctance to goad BAT on to a different strategic course reflected the belief that their voting power was of little use in relation to an industrial giant that remained immune from takeover threat. Yet the unthinkable has now happened. And one consequence of this opportunistic bid, however unlikely to go ahead in its present form, is that BAT can no longer assume that its future independence is assured. It follows that, if the institutions feel it is in the shareholders' interest for BAT to hive off assets or take other steps to break up the business, they can apply pressure to bring that about. Shareholders would thereby be spared the cost of enriching the predators and their hangers on in the banking fraternity.

But what of the worries about excessive borrowing in the British corporate sector and of the fiduciary obligations of BAT subsidiaries to their insurance policyholders? All the indications are that the interests of the big investment institutions coincide here with the wider public interest in the stability of the system. Many are reluctant to see equity replaced with poor quality debt and intend to use their influence to ensure that Britain is not flooded with junk bonds. As for worries about the impact of borrowing on British industry and the banking system, these are the province of banking supervision, not of competition policy. Similarly, it is for the banking and insurance watchdogs to worry about the fitness of corporate raiders who trespass into these politically sensitive sectors.

On the evidence so far available, it should be left to the shareholders to decide.

Collapse of the coffee pact

THE BREAKDOWN of the international coffee agreement is by far the most serious crisis in its 37-year existence. The agreement, now between 74 producing and consuming nations, has broken down twice before. But this time export quotas have been suspended, prices have tumbled as a free market reigns, and the recriminations of the principal participants suggest that burial is at hand. For this undesirable situation, the US bears the main responsibility.

In some senses, the agreement's collapse has long seemed inevitable. Times have changed since its inception in 1962. Not only does production greatly exceed consumption – a factor which also helped undermine the cocoa agreement earlier this year – but the pattern of consumption has changed. Consumers now demand the higher quality arabica coffees, rather than the robustas that once provided the larger part of the market.

Despite technically ingenious compromises reached through long negotiations over the last few years, the agreement has been unable to adjust to these changes. Although it has been extended for two years, it no longer has teeth, since export quotas and other back-up economic provisions have been suspended.

Aggressive measures

The immediate consequences were predictable (if not the size of the price fall). The agreement aimed to keep prices in the range of 120 cents-140 cents a lb. The latest indicator price was just 77.89 cents a pound. The bottom may not have been reached, for Brazil has taken aggressive measures to increase exports and Colombia and Mexico are expected to follow suit.

It could be argued that the shock of the free market will provide a long overdue shake-out; production of the poorer quality coffee no longer in demand will decline and consumers will get the coffee they want at cheaper prices. The reality is likely to be messier. Producers may well increase output rather than grub up their trees. Beyond that, it must be doubtful whether a completely free market in coffee is even desirable.

Consumer-country governments are wont to suggest that such agreements only benefit producers, but the last time export controls were suspended, early in 1986, it was because prices had been driven above the agreement's "ceiling" following the previous year's Brazilian drought. The main losers will, however, be some of the poorest countries in the world.

The countries most at risk are those which rely heavily on robusta exports. Led by the Ivory Coast, they also include Cameroon, Uganda, Burundi and Rwanda. Many of these countries are heavily in debt – the Ivory Coast, which is also suffering from the stagnation of the cocoa agreement, to the tune of some $14bn.

Plea to EC

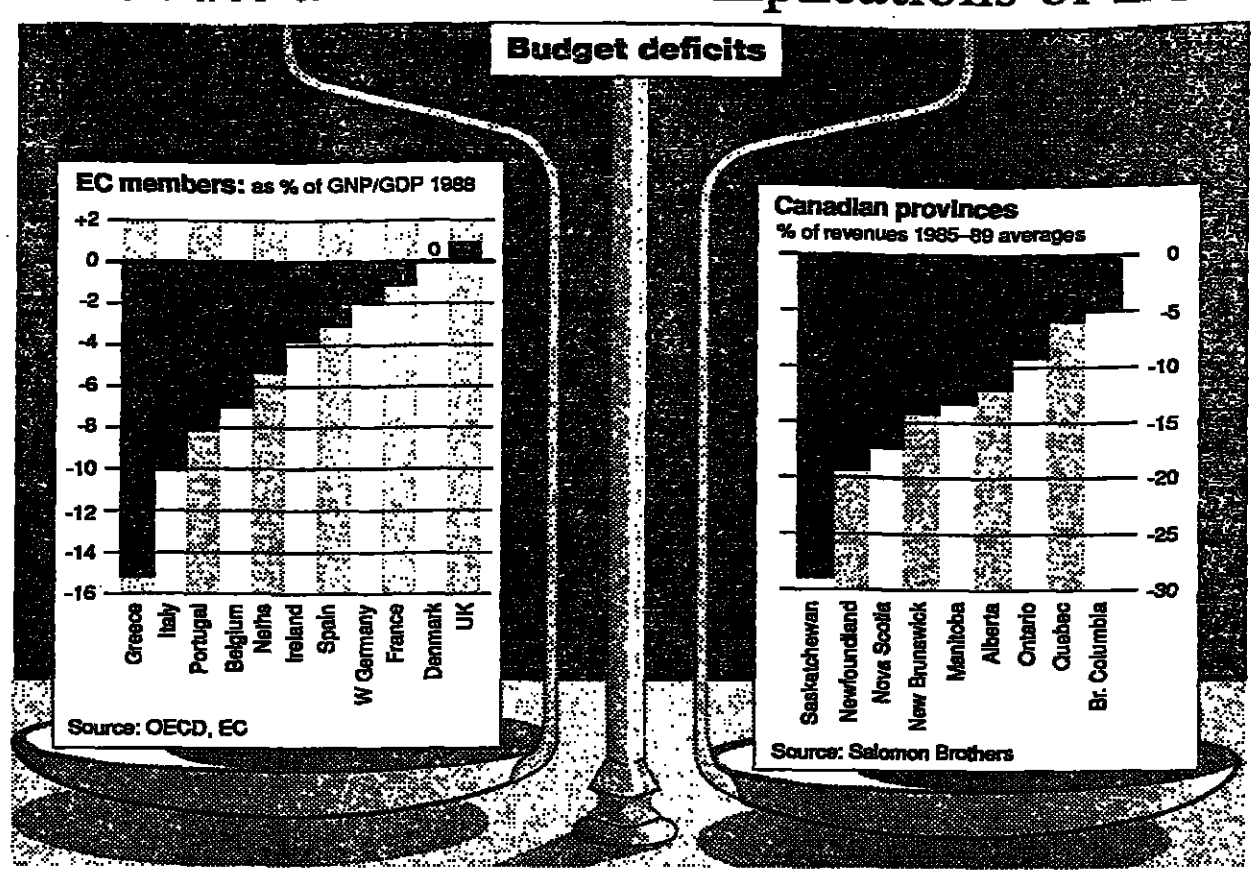
The Ivory Coast, associated with the European Community through the Lomé Convention, has already applied to the EC's Stabex Fund, as it is entitled to do, for compensation for losses on its cocoa exports. Both it and other producers seem bound to do the same on coffee over the next year or so.

The position of Stabex was one of the issues on the agenda of the EC's regular meeting of Foreign Ministers in Brussels yesterday – a timely subject, in view of the coffee agreement's collapse. The fall in coffee prices threatens Stabex with bankruptcy. It appears, therefore, that – for the EC at least – the choices may be either renewal of the coffee agreement or a substantially larger aid commitment. The US faces a similar choice (though it seems to be unaware of the fact), particularly in relation to the smaller countries in Central America.

Given the economic vulnerability of many coffee exporting countries and the poor possibilities for diversification of most of them, a renewed agreement – albeit a more relevant and realistic one – would be the better alternative. Even then assistance would be needed, to encourage export diversification and stabilise cash inflows. If no coffee agreement were to be secured, then a much more considerable aid effort would be required, not only for the African countries, but also for the Latin American exporters, many of whom already suffer from heavy indebtedness.

Peter Norman continues a series on the implications of EC monetary union

Sovereignty and fiscal policy



Among the issues raised by the Delors Committee report on economic and monetary union in the European Community, few have generated more heat in Britain than the proposition that Brussels should impose binding rules on national budgets.

For Mr Nigel Lawson, the Chancellor of the Exchequer; for the Conservative backbenchers on the House of Commons Treasury and Civil Service Committee; and for economists such as Professor Charles Goodhart of the London School of Economics, the idea that economic and monetary union requires some control over fiscal policies is proof that the Delors report is a federal plot.

On the other side of the English Channel, however, it is difficult to discover deep-seated worries about the Delors Committee's fiscal recommendations. What looks like an unwarranted invasion of sovereignty to British politicians and commentators is generally regarded as a prudent strengthening of counter-inflation policy in the proposed union.

The issue of fiscal policy controls has therefore come to symbolise how far Britain diverges from other EC member states. It will be at the centre of the debate now that the recent EC summit in Madrid has opened the way for preparatory work on an inter-governmental conference to decide the later stages of progress towards union.

The Delors report, which was agreed unanimously in April by the 17-strong committee of EC central bank governors and outside experts presided over by the European Commission's president, Mr Jacques Delors, outlined a gradual "transfer of decision-making power from member states to the Community as a whole . . . in the fields of monetary policy and macroeconomic management."

The report envisaged the EC member states gradually introducing binding rules on national budgets following agreement to change the EC treaty to bring about union.

The binding rules would include: imposing effective upper limits on budget deficits; excluding governments from access to central bank credits and other forms of monetary financing; and limiting the recourse of EC member states to external borrowing in non-Community countries.

As Professor Goodhart has pointed out, the fiscal emphasis of the Delors report is unusually insistent. What he has called "the transfer of ultimate control over the main strategic parameters of national fiscal policy to the Community centre" surfaces in nine of its 66 paragraphs.

In Britain, these proposals have been seen as attacking the very fabric of parliamentary democracy and the thin end of a wedge that will transfer power to Brussels on a massive scale.

In a recent report on the Delors committee's work, the Commons' Treasury Committee said: "The power of the House of Commons over the centuries has depended fundamentally on the control of money, both taxation and expenditure. This would be jeopardised by the form of monetary union proposed by the Delors report, which would involve central undemocratic direction from within Europe of domestic budgetary policies."

Indicative of the anger felt by some Conservative MPs was the treatment meted out to Mr Robin Leigh-Pemberton, the Governor of the Bank of England, when he appeared before the Treasury Committee in May. Mr Nicholas Budgen accused him of having "sold our national interest by signing a federalist report." Mr Anthony Beaumont-Dark said the report meant the "whole of our fiscal policy would be controlled by 17 people in Brussels."

When Mr Lawson appeared before the same committee last month, he charged that the fiscal part of the Delors report was totally flawed. "Although it is dressed up in technical and economic terms it is basically a political document," he said.

Later in June the Chancellor told

EMU

The road to monetary union

an Institute of Directors meeting that there was "no case for claiming" that binding rules on budgetary policy "are indispensable to the proper working of the single market or the achievement of economic union." In fact, neither the US nor Canada has sought the sort of controls over their constituent states that the Delors committee envisages for EC members and Canada allows its provinces to run substantial deficits.

But Mr Lawson has not always been so dismissive of the idea of fiscal control in a monetary union. Back in January, when he first took hostile aim at the Delors committee's work, Mr Lawson said that a single European monetary policy would need "central control over the size of budget deficits and, particularly, over their financing."

Since that speech Britain has, no matter how diffidently, started down the road to union with acceptance of stage one of the Delors report at the Madrid summit.

Mr Lawson's next line of defence against federal encroachment has been to put new emphasis on the gold standard of the 19th and early 20th century as a model. This had many of the attributes of monetary union without the loss of sovereignty that the Delors report has demanded.

The Chancellor has also said it is necessary only to have a binding rule forbidding the bail-out of any member state in a union that gets excessively in debt to make a monetary union work. In that way market disciplines would do the work of fiscal controls.

While London has raged about the fiscal elements of the Delors report, they have had little apparent impact on policymakers in Paris, Bonn, Frankfurt or Rome. There appears to be have been no serious debate about loss of sovereignty or lack of democratic control over budgets in the French, West German or Italian parliaments. For some, in the West German Bundesbank, for example, this may reflect the view that the Delors report does not have the final word on how to achieve union and is subject to revision. Elsewhere, for example in France, the idea of a nation having complete sovereignty over its budget no longer appears to merit manning the barricades.

Instead, considerable sympathy has emerged among Britain's main partners in Europe for the idea that the fiscal provisions of the Delors report would prevent monetary policy in an economic and monetary union from being overstretched. Fiscal controls would serve the interests of counter-inflationary policies.

Backing up this view is concern, particularly in some continental central banks, that the irrevocable locking of exchange rates in the final stage of monetary union would remove the safety valve of currency depreciation or appreciation from the European economy. In this scenario budgetary controls are needed to prevent fiscal laxity creeping into the system.

The proposals are seen in the UK as attacking parliamentary democracy and the thin end of a wedge that will transfer power to Brussels

The concern is highlighted by the divergent fiscal policies of EC member states. Britain ran a budget surplus of 0.8 per cent of gross domestic product last year (on a definition that lumps together central and local government spending). But comparable figures from the Organisation for Economic Co-operation and Development show a wide range of deficits elsewhere in the EC, ranging from 15.3 per cent of GDP in Greece through 10.1 per cent in Italy and 7 per cent in Belgium to 2 per cent and 1.3 per cent in West Germany and France respectively.

All the continental countries of the EC are committed to policies of deficit reduction. For the moment at least, many appear disinclined to complain about fiscal controls, regarding them instead as a disciplinary support for government policies.

There is little doubt that some of the members of the Delors committee, who were less than enthusiastic about the idea of union, accepted the fiscal controls in the final text in the expectation that they would cause a row and delay the entire project.

It is also clear, however, that for the Commission in Brussels and countries like France, Italy and Spain, which enthusiastically support the cause of union, the disciplinary attractions of transferring fiscal control to a central EC body are only part of the story.

There are deeper political and cultural reasons why continental nations bridle less at the loss of fiscal control than Britain. None has such an entrenched tradition of parliamentary control over money bills. Many continental governments have learned in war and peace to be less concerned than the UK over loss of sovereignty.

More recently, those participating in the exchange rate mechanism of the European Monetary System have gained practical experience of ever closer co-operation in monetary and economic affairs.

One senior Italian official noted that there is little practical difference between a country giving up sovereignty over national budgets when it is already ceding power on a large scale to the Community because of the 1992 internal market programme. France sees economic and monetary union as a locomotive for European political union. "France has the feeling that if it is to be an actor in history, it will have to do it through Europe," a senior French official said.

Officials in the Commission in Brussels said they wanted more than a minimalist approach to union for practical reasons. A European monetary union would only be able to pursue a coherent policy vis-à-vis the US and Japan if it had a balanced policy mix, including fiscal policy.

Mr Lawson's argument that countries should simply be refused a bail-out if they become excessively indebted, meets considerable scepticism about the efficacy of market mechanisms. "We want a stable union," said one Commission official, explaining that financial markets failed to prevent both New York City and the governments of Latin America becoming hopelessly indebted in the 1970s – with the result that Latin America is still not creditworthy.

Another argument used to back the transfer of fiscal control to Brussels is the unique structure of the proposed European union. "Europe will be a very strange animal with an enormous body and a small head because of the strength of the countries that make it up," said the senior French official.

On this reasoning, the small size of the Community's own budget means that the setting of a Community-wide fiscal policy stance would have to be achieved through co-ordination of national budgetary policies. According to the Delors report, binding rules on budgets would then be necessary because of the limitations of capital market mechanisms to provide discipline.

On the European mainland, there appears to have been little thought about the political implications of the fiscal aspects of the Delors plan. National budgets are normally packed with non-negotiable items. The scope for a government to change policy is inevitably at the margin of huge volumes of expenditure.

Here the Delors proposals to impose upper limits on national budget deficits could eventually trigger painful cuts or tax increases and cause political problems in the member states. It will only be when politicians and parliaments in mainland Europe realise this that Mr Lawson might find some allies in his crusade against the Delors report's fiscal provisions.

The first article in this series appeared on this page on July 10.

OBSERVER

Inside view of economics

■ The Bank of England is going down market, or so it says rather apologetically. It is issuing a series of briefing papers for primary, GCSE and A level economics. "They are not written quite in the style of the Bank of England Bulletin," a spokesman said yesterday. "The prose is more assertive and there are rather more certainties than perhaps we believe in. It has been the subject of much soul-searching."

The project started a couple of years ago when a very senior member of the Bank went to sit in on an A level economics lesson to find out what was being taught, and did not much like what he heard. "It was all pretty primitive," was the general impression.

Since then the idea has been taken up by Sir George Blunden, the Deputy Governor, and the briefing papers have been carefully checked by John Flemming, the Economic Adviser to the Governor. Test questions are not all that straightforward. At GCSE level one of them is: Imagine you are a Bank of England Press officer, then write a briefing to journalists why the increase in interest rates was necessary.

The papers are available from Hobson's, the publishers in Cambridge, rather than directly from the Bank.

Angry letters

■ Meanwhile, the Treasury has been obliged to take the unusual step of appointing two full-time officials solely to answer letters from an angry public. The letters are about the increase in mortgage rates to over 13 per cent. They are aimed at Chancellor Lawson in particular and the Government in general. A stock example goes: Why did you persuade us to buy a house, then raise interest rates so much?

In reply, the Treasury is explaining that, while the Government does not like raising interest rates or the financial difficulties they cause for individuals, rates have had to go up to defeat inflation. "It shows that we are responsive to the public," said one Treasury official. "Every department gets letters; we just get them on interest rates."

Men of Kent

■ British Rail's plans for a high speed rail line from London to the Channel Tunnel have been overshadowed recently by the weekly strikes. In Kent, however, the battle continues.

BR sent a couple of its people, Graham Smith and Gerry Uzzell, on a seven-week tour of the county with the Channel Tunnel Information Unit. The hostility to the project on the village greens, where they set up their information stalls, was formidable, according to the report in Railnews, BR's house newspaper.

Among other things, local people expressed their feelings with stink bombs, piles of cow dung and rowdy demonstrations. Smith, a railwayman for 30 years, was confronted by an axeman at Burham, near Maidstone, Morris dancers at Charing Heath and a rebellious town cryer at Harrietsham. Uzzell faced down hundreds of villagers in mourning dress, complete with coffin, at South Darenth, and was portrayed in effigy at Sutton at Hone. One particularly cruel protester played the harmonica on the stall for six hours.

Despite the protests, BR thinks that the exercise was worthwhile. The information stalls were set up in 30 locations, and were visited by 8,400 people. Smith, a former customer relations manager at Waterloo station, said most people were worried about noise from the trains, and falling property values. BR says it gained useful ideas from many people who proposed alternative alignments for the line. Some are "very sound" and will be considered seriously.

"Admit it – you forgot to post the application, didn't you?"

Spanish bang

■ You would never think it, but Luis Carlos Croissier can be quite ruthless when he wants to be. The men who run Drexel Burnham Lambert's office in Madrid have now found this out.

Croissier is the chairman of the nine-month-old Spanish stock exchange commission, the Comision Nacional del Mercado de Valores (CNMV). He is 38, speaks with a soft (and comprehensible) Andalucian accent and is endlessly patient with foolish questions about the reform of the Spanish stock markets which takes place at the end of next week.

An economics graduate and a member of the ruling Socialist Party since the early 1970s, when it was still banned by Franco, Croissier became president of the giant state holding company, INI, five years ago. Irritated with INI's inefficiency, he supported controversial plant closures in steel and shipbuilding. In 1986 Felipe Gonzalez, the Prime Minister and also an Andaluz, made him Minister of Industry.

People wrote him off a year ago when he was removed from the Cabinet. They were wrong. Last October Croissier started at the CNMV. Since then he and his small staff have been working a 16-hour day trying to get the reform off the ground.

Croissier has been looking for a way of bringing it home that he plans to be a severe watchdog and that the good old days of privileged information and carefully orchestrated support-buying by Spanish banks are over. He thinks he has found it in Drexel.

To get around limits on institutional buying, the Drexel office is suspected not only of having applied for Pta 7bn worth of shares in Repsol, the oil group, when it was part-privatised two months ago, in the names of private individuals, but also of having used about 10 names without consent. Some of the shares were then sold off to institutional clients in the US.

Croissier made little secret of the fact that he wanted to make an example of it. Under Spanish law, Drexel could have been banished from the local capital markets. It averted this embarrassment yesterday by closing its office of its own accord.

So Spain's big bang is starting with an ominous roll of drums.

Too shocking

■ Notice on the board at a Surrey women's club: "Can anyone suggest a place where my son can practise the electric guitar?" Someone has written underneath: "In the bath."

هكذا من الأصل

LETTERS

Africa's 'nightmare' could become a reality

From Mr Stanley Please.

Sir, Your editorial "Flawed Plan for Africa," is itself flawed (July 13). The Economic Commission For Africa, you say, "would have done better to remind the group of seven leaders meeting in Paris of the need for radical measures to remove one of the largest hurdies on Africa's path to recovery: the external debt burden."

If these leaders do need reminding of this, they should sack all their advisers. Moreover, if ECA had taken your advice, I can anticipate your reaction and that of most of your readers. Why does ECA not tell African governments to get their policies and priorities right before coming round with the begging bowl again?

This is exactly what ECA, to its credit, has done. For 10 years or more, it has taken its countrymen to task for failing to set appropriate domestic priorities. It was the ECA that coined the term "nightmare scenario" as the present reality confronting Africa unless the basic factors impeding its development were removed – unsustainable western lifestyles, high defence expenditure, absurdly high import-intensity of consumption and production, failure of governance.

Contrary to what you say, these issues are "what are at the core" of the ECA's position. Moreover, you should worry a little more about those Africans who are highlighting these issues rather than worrying about visiting officials from the International Monetary Fund – and, presumably, from the World Bank.

Of course, as the author of several World Bank reports on Africa during the 1980s which have guided donor programmes, I regret the ECA's rubbishing of structural adjustment programmes. One can be troubled by the disappointing outcome of these programmes and some of their content, without ignoring the greater discipline they have brought to many aspects of economic policy management with which ECA itself agrees: public enterprise efficiency, better targeted subsidies, improved agricultural incentives, marketing systems and supportive infrastructure, and so on. Moreover, these programmes have evolved over time in response to the need to address basic supply constraints as well as social issues.

But you do no good whatsoever by characterising the ECA position as a "return to statism."

How can a report which talks about the need for positive real interest rates and exchange rates, which more reflect market realities be characterised as such? This is just as much a straw man as others' characterisation of the World Bank, believing that getting prices right is all that Africa needs to do to develop. All parties now recognise important roles for the state and important roles for prices and for markets – and these roles will correctly vary from country to country.

What is now required is to get the "toughness" of the ECA on the important policy issues which are impeding development in Africa, allied to the World Bank's "toughness" on year-to-year financial and economic programme formulation and implementation. Your editorial simply aggravates the attempt to achieve consensus among the regional and international institutions involved in Africa; a consensus which has been called for by both the head of ECA and of the World Bank.

Debt relief and debt forgiveness are of the first importance for helping Africa. But if the debt is written off and the basic issues raised by ECA are not addressed, then Africa's "nightmare" will become a reality. ECA has its eye on the correct ball. You, Mr Editor, have the flawed vision.

Stanley Please,
6 Little Acreage,
Old Marston, Oxford

Set-aside and EC cereals production

From Professor Alan Swinbank and Mr Nicholas Beard.

Sir, You report (July 13) that Mr Raymond MacSharry, the European Community Agriculture Commissioner will shortly propose to the Council of Ministers an expansion of the Community's set-aside scheme under which European farmers are paid to take land out of production.

We hope that the commissioner, and the farm ministers, will seize this opportunity to link set-aside to the mechanisms of the maximum guaranteed quantity which applies to cereals. To date these two policy mechanisms seem to have been considered in isolation, without regard to their joint implications. Under the maximum guarantee mechanism, if the EC's cereal harvest surpasses 160m tonnes, price penalties begin to bite.

You suggest that the Commission believes that the set-aside scheme to date has only achieved a "modest success," but you also suggest that, as a result of set-aside, EC cereal production has been reduced by between 1m tonnes and 2m tonnes. In terms of determining whether or not the maximum guarantee threshold has been exceeded, this potential reduction in cereal production is significant.

Under the present rules, the greater the quantity of land taken out of production through set-aside, the less likely it will be that the maximum guarantee threshold will be breached. There would seem to be a conflict of incentive signals: the more attractive the new financial package offered to farmers for set-aside, funded by the EC taxpayer, the higher the EC price of cereals is likely to be.

Unless the EC wants to back-track on the policy aims of the stabiliser mechanisms agreed just over a year ago, it seems to us very important that a formal link should be established between set-aside and the maximum guaranteed quantity for cereals, so that for every hectare of land taken out of arable production under set-aside, an agreed quantity of cereals should be deducted from the maximum guaranteed quantity.

Alan Swinbank,
Nick Beard,
Department of Agricultural Economics and Management,
University of Reading

Exporting pollution

From Mr Stuart Fraser.

Sir, Policies aiming to control pollution by taxing it must address the issue of exports of pollution. Such exports can take a number of forms, from shipment of waste through sale of obsolete polluting plant and equipment, to increasing focus on export markets for polluting products which are no longer acceptable at home.

Most of these exports will be targeted on less developed countries where the expertise in dealing with pollution is even more limited than our own. If we are to avoid simply passing on problems to others, such exports must be taxed very heavily indeed.

Stuart Fraser,
9 Orlando Road, SW4

Cyclists compete

From Mr Richard Carter.

Sir, Despite the effort to find something to praise in Lord Young's proposals for the brewing industry (July 11) I am struck by the pessimism of the UK Government's approach to competition policy.

If deregulating industrial structures is so difficult, why not concentrate on alternatives? A consumer-minded government could help commuters and the environment by providing cycle lanes in London like those in Amsterdam and Strasbourg.

Walking across Waterloo Bridge each morning an average of 25 cyclists pass me – on one of the city's few cycle lanes – only to risk life and limb in the Strand.

Your Observer column remarks on the 30 per cent increase in cycle demand on the year, yet cyclists are forced to compete for road space in a market dominated by motorists. What the pioneering public needs is an entrepreneurial government.

Richard Carter,
Cley Cottage, Knott Park,
Oxshott, Surrey.

No striking difference

From Mr Patrick Uden.

Sir, Twice recently I have needed to fly to Teeside. On May 8 I drove from my home in Paddington to Heathrow, and on June 28 I cycled.

The schedules are shown below. The only difference betweeen the two days was that London was strikebound on the day of the quicker journey.

Energy consumption for both journeys:

- Car: one gallon of four star petrol;
- Bike: One cup of coffee.

Patrick Uden,
Lots Road, SW10

	CAR	BICYCLE
Type	Sierra Ghia	Moulton AM7
Depart Home	06:30	06:30
Arrive Shepherds Bush	06:40	06:52
Arrive S. Circular junction	06:58 M4	07:17 cycle path
Arrive Heathrow turn-off	07:10 jammed	07:42 cycle path
Parked	07:50 £4 approx	07:50 free
In terminal	08:12 Long term bus	07:52 walk

Freedom might come first

From Mr Ernest Freyhan.

Sir, Policy decisions to tackle imbalances should address causes, not symptoms – thus the Governor of the Bank of England in a recent address (FT report, July 8).

But better than addressing causes is to prevent imbalances from developing in the first place. The latest UK inflationary troubles could have been avoided by a consistently firm hand on the monetary tiller; a point those seeking new ways to avert strikes would do well to remember.

For this, however, monetary authorities need to be masters in their own house, without elected politicians periodically, if not continually, queering their pitch. Here the Bundesbank, whose freedom from political interference is guaranteed by law, serves as a model.

Is there any reason why, given the same independence, the Bank of England (whose Governor, in the same address, paid tribute to the Bundesbank's "outstanding success") might not do equally well?

E.J. Freyhan,
65 Vincent Court,
Bell Lane, NW4

Price scheduling at British Gas

Mr W.R. Probert.

Sir, The views of the Energy Intensive Users Group on the new British Gas schedules for interruptible gas (July 10) require some clarification, particularly about the role of interruptible sales and their relationship to firm sales.

Firm gas sales both to the domestic sector and to industry and commerce are the core of the gas business. They account for over 89 per cent of total sales. The variation in demand of these customers between summer and winter means that a limited quantity of gas is available relatively cheaply outside the winter peak period.

Under its revised authorisation, British Gas is required to balance the supply and demand for this interruptible gas by price or other terms. Price alone does not provide a satisfactory mechanism: the terms of interruptibility, including minimum periods, help to achieve a balance. It is, moreover, crucial that customers receiving such gas should be ready and able to have their supplies disconnected reliably and fully within the terms of the contract, if they are not to prejudice firm supplies to other customers.

The minimum periods of interruption represent only a moderate proportion of the total allowable periods that would be utilised in periods of high demand and, therefore, should not result in operational problems to the customer.

It is also important to bear in mind that for the larger users, interruptible gas is priced broadly in line with the competing fuel – and possibly slightly higher for smaller consumption customers. Therefore, the cost to the customer of utilising an alternative supply during the minimum interruption period should be relatively small and certainly viewed as the trade-off for securing the lower priced interruptible gas supply for most of the year.

There can be no suggestion that British Gas is attempting to force customers to choose higher priced firm gas contracts. The schedules do, in fact, offer a range of interruptible supply contracts with a range of choices of maximum and minimum interruption periods from which customers can choose. The longer the length of the interruptible period, the lower the price will be.

The general accusation that British Gas is in some way abusing its monopoly position is without foundation. The facts are that British Gas has implemented the recommendations of the Monopolies and Mergers Commission, which required the introduction of a relatively inflexible system of published contract gas prices and from which no negotiation is allowed. Furthermore, in making its recommendations the Monopolies and Mergers Commission acknowledged that while some customers would gain, others would lose. In constructing and implementing the schedules, British Gas has attempted to limit the number of losers.

The success of this can be seen from the fact that under the pricing schedule, which applies to some 20,000 contract customers, 12,000 received price reductions, and 4,000 had increases less than the rate of inflation. In addition to this, British Gas introduced transitional arrangements which have assisted in reducing the problems for those customers faced with higher increases.

We have made it clear that we will keep under review the structure of the price schedules including terms and conditions. However, we shall be concerned to ensure that any changes which might be seen as beneficial by some customers do not adversely affect the generality of our contract customers.

W.R. Probert,
British Gas,
Rivermill House,
152 Grosvenor Road, SW1

From Mr T.H. Stephenson.

Sir, Your article about British Gas's new tariff (July 10) gives some idea of the difficulties facing large-scale users of fuel.

In this company's case fuel accounts for 25 per cent of production costs and the prices currently being mooted for future supplies of gas lead us to believe that our costs will increase by tens or even hundreds of thousands of pounds.

We are told that the aim of the recommendations is to encourage direct competition. However, at the moment, the benefit of this is not apparent. We have little with which to retaliate, and it seems to be a case of the cart having been put before the horse.

T.H Stephenson,
Carlton Main Brickworks,
High Street, Grimethorpe,
Barnsley, South Yorkshire

Green politics must not turn grey

From Mr Iain M. Brodie.

Sir, Liberty, equality and fraternity are as much needed today as during the French Revolution, and almost as much in jeopardy. One legacy we can dispense with after 200 years is the ridiculous notion of left and right in politics (the terms arose from the seating arrangements in the French revolutionary assembly).

A global market is an increasing reality. Above all else, however, stands the threat to life on earth. Even if we do not destroy the planet in a war, we are in danger of destroying our ecosystem.

Preventing that destruction is the real political challenge. To meet that challenge, and ensure the planet for future generations of people and other species requires a rethinking of our political categories.

The new choice is clear. Are you prepared to act today to secure a viable long-term future, or are you only interested in short-term gain, either monetary or political? In other words, are you Green or not? "Not" is hardly a useful word: to add another colour – are you Green or Grey?

This is the new reality. The 2.25m people who voted for the Green party in the Euro elections are its clearest expression in the UK. The rapid growth of Green movements and parties around the world illustrate its scope.

Just as the French Revolution swept aside a bankrupt political order, so will the Green revolution. The differences between the two are that the Green revolution is non-violent, global and is in the interest of us all. Green or Grey? It is time to choose.

Iain M. Brodie,
32 Stanley Road,
Brighton, East Sussex

FOREIGN AFFAIRS

Why the UK should not shoot from the hip

Robert Mauthner describes how the Hong Kong dilemma cannot be solved by Britain alone

More emotional heat has been generated by the fate of Hong Kong and its 5.7m people than by any other foreign policy issue in the UK in recent months, except for the future shape of Europe and its threat to national sovereignty. Last month's violent suppression of the pro-democracy movement in China has reawakened all the old fears of the consequences of the 1984 Sino-British Joint Declaration on the conditions under which the colony will revert to China.

An agreement widely considered to be the best that could be achieved in the circumstances, given that the lease negotiated by Britain on 92 per cent of the land area of the territory was due to run out in 1997, has now begun to look much more insubstantial. What appeared five years ago to be the relatively benign policies of Deng Xiaoping gave Hong Kong citizens some confidence in Peking's undertaking that their capitalist system and limited autonomy would be preserved for at least 50 years under the "one country, two systems" principle. After the events of Tiananmen Square, reality has understandably devalued that paper undertaking – never an absolute guarantee at the best of times – in the eyes of those most directly concerned.

The anxieties of the population of Hong Kong have been reflected in Britain by a "crisis of conscience," which has found its most articulate and passionate expression in the media, rather than in parliament. Again, it is the recent events in China which have brought home to the decision-makers the special obligations that the UK has towards Hong Kong and its population. For the first time in Britain's post-war colonial history, sovereignty over a territory which does not have the right to self-determination will be transferred to another country without the consent of the people directly concerned. What is more, the new masters are the very ones from which a large number of the present Hong Kong population fled in the first place.

The argument which has divided public opinion, but on which there is a large measure of agreement between the Government and the Labour Opposition, is over the nature of those moral obligations and the extent to which they are realisable. The least that can be said is that there has been much shooting from the hip on the subject. One of the least realistic solutions put forward to deal with the loss of confidence in the future of Hong Kong is the suggestion that the joint Sino-British Declaration of 1984 should be renegotiated or revoked altogether and that a new date should be set for the hand-over of the colony.

Such proposals assume an element of choice on the part of the British Government which it does not have and never had. Once the lease expires, it is obliged under international law to transfer Hong Kong to China. The only options open to the UK were to hand back the leased New Territories, while retaining Hong Kong Island and the Kowloon peninsula, ceded to it in perpetuity, and to delay an agreement on the conditions on which Hong Kong would revert to China until a time closer to the fateful date of 1997.

What is urgently needed now is to restore the confidence of the people of the colony

On both these scores, the Government took the right decision. Given its dependence on the Chinese mainland for essentials such as water, to have held on to Hong Kong Island alone would have been an unviable proposition, even if China had countenanced such a solution. It would have given yet another hostage to fortune at a time when Britain has eliminated most of its potentially explosive colonial problems, with the exception of the Falklands and Gibraltar. With hindsight, it was also a judicious move to have negotiated the conditions of the hand-over 13 years in advance, when the political circumstances in China were relatively propitious. The terms obtained by Britain were certainly better than they would have been if the agreement were still to be negotiated – or renegotiated – with the present hardline Chinese leadership. Where the pressure on the British Government to fulfil its obligations has been most acute is on the subject of whether 3.28m holders of British Dependent Territory Citizens' passports should be given the right of abode in the UK.

Those who advocate the granting of permanent residence in the UK to Hong Kong citizens who do not want to live under an authoritarian Chinese regime, maintain that such a step would be no more than an insurance policy. It would be taken up by only a small proportion of the people of Hong Kong who do not really want to live in Britain but who need to be given an assurance that, if the worst came to the worst, they would be provided with an escape route.

Those, like the Government and the leadership of the Labour Opposition, who oppose an automatic right of abode for Hong Kong British passport holders, argue that important policy decisions such as this one cannot be taken on the basis of unverifiable assumptions that most of the colony's citizens would never make any claims under their insurance policy.

However inhumane such a stand might appear in the colony, a government has to take every possible scenario into account. Not least, it cannot afford to ignore the interests of the people who have elected it. A small over-populated island, with serious employment, housing and social security financing problems of its own, cannot lightly contemplate the influx of 3.28m new inhabitants, with all the social and cultural tensions that would involve. That has nothing to do with racism; it is essentially a matter of numbers and resources.

It is true that a recent report on the impact of mass Hong Kong immigration to the UK, drawn up under the chairmanship of Professor Bernard Corry of London University, underlines the likely benefits to the UK economy of such a development, including a boost to growth and an improvement in the balance of payments as the result of a transfer of Hong Kong's export-oriented industries. But the report is equally clear in stressing the costs of a large immigration from Hong Kong, such as higher public spending on housing, health and education, higher taxes and more competition for skilled jobs.

Whichever way one looks at it, only the most blinkered idealist can believe that the problem of Hong Kong emigration can be solved by the UK alone. The new situation in China has given the future of Hong Kong a dimension which it did not have before and which was explicitly recognised, if only in general terms, by the participants in the western summit in Paris last weekend. What is urgently needed now to restore the confidence of the people of the colony, apart from any assurances that Peking might be persuaded to give, is to transform that concern into a firm commitment on an international safety net.

Countries which have traditionally taken a large number of immigrants and have the spare capacity to do so, such as Canada and Australia, could do much to quieten the fears of Hong Kong by making it clear that they would be prepared to open their doors to its citizens if the worst came to the worst. The Commonwealth heads of government meeting in Kuala Lumpur next autumn would be an appropriate forum for such a decision, not least because it would inject a constructive note into an event which, too often, has been the occasion for sterile arguments.

FINANCIAL TIMES
Tuesday July 18 1989

Sea change in the transatlantic alliance

Peter Riddell assesses the changing relationship between the US and its allies

PRESIDENT George Bush's boyish elation as he ends today his wearying 10-day tour to Europe – his second within six weeks – is understandable. He has further enhanced his standing as leader of the West, but it is leadership of a different kind than before: less dominant, more first among partners.

This reflects both Mr Bush's personality and the shift in Washington's position relative to its allies. Despite worries in Europe in the spring about the time his foreign policy reviews were taking, Mr Bush has now won the respect of his summit partners. He is not only affable to all but also assiduous in keeping up contacts with other leaders.

Mr Bush has developed good relations with Mr François Mitterrand, cemented when the French President visited the Bush family home in Maine, and with Mrs Margaret Thatcher, UK Prime Minister, even though British-US relations are somewhat more distant and less intimate than when President Ronald Reagan was in office.

Moreover, Mr James Baker, US Secretary of State, has developed a close working relationship with Mr Hans-Dietrich Genscher, West Germany's Foreign Minister, initially in sorting out the Nato summit compromise on arms control, and recently on Eastern Europe.

President Bush and his advisers recognise that the US has to consult more, not only because its allies have strong views of their own but more specifically because they have the money and the US does not have much available. This is what Mr Baker euphemistically describes as "creative responsibility-sharing".

Most significantly, there has been the shift in the US attitude towards taking a positive view of European integration and the role of the European Commission. First signalled in Mr Bush's Boston University speech two months ago, it was put into effect over the weekend when, with full US support, the Commission was given the task of co-ordinating international help for Poland and Hungary.

The US accepts that it alone cannot support central Europe; there is to be no second US-dominated Marshall Plan.

Mr Bush has still shown leadership over Eastern Europe, albeit reinforcing existing initiatives and contacts by West Germany, France and Britain. Other countries may have been irritated by his initial appearance last week of having "discovered" Poland and Hungary. But his visits there helped put the issue at the centre of the Paris summit agenda.

The enormity of what is happening impressed everyone on the trip. As Mr Baker pointed out, Paris was the first of the 15 annual summits which had not had to deal primarily with the threat of Communism, but rather with the consequences of its failure.

The Bush policy is not one of unrestrained support for non-Communists; in many cases it is the reverse. The aim is to support those favouring reform whether inside or outside the existing regime. Moving forward within a stable framework is a priority.

In a revealing interview on Sunday, General Brent Scowcroft, the National Security Adviser, reflected the enthusiasm of the Bush team for General Wojciech Jaruzelski in Poland – "a very different kind of person from 1981 (when Solidarity was banned)" and "a man showing great sincerity in trying to deal with his country's problems."

Similarly in Hungary, the US believes the chances of successful reform will probably rest primarily with the Communist regime rather than the fragmented and inexperienced opposition groups (a contrast with the Polish position).

Gen Scowcroft has conceded that the Communists might win the promised free elections in Hungary because "there's a great deal of innovative thinking going on within the various parts of the Communist Party. . . a Communist Party system within which there are blocs within the party which could eventually be indistinguishable from a multi-party system." Such thinking would have been inconceivable a year ago.

West European countries, as much as the US, created the policy of conditional generosity – step-by-step support for these economic and political reforms. But Mr Bush played a key role in pressing for the concerted approach.

The US side may have made a mistake in focusing on the limited amount of direct help for private enterprise and the environment rather than the potentially far more important fresh impetus for dealing with Poland's debts. Debt rescheduling by the Paris Club of creditor nations is to be made more flexible than usual and in a largely unnoticed commitment secured by the US, Poland stands to benefit substantially from the Brady debt reduction plan.

However, while rescheduling may be agreed before long, US officials are less optimistic about an agreement on an economic recovery programme between a Polish Government – over which Solidarity has at least a veto power – and the International Monetary Fund. This could take at least the rest of this year.

President Bush's wiser advisers, such as Gen Scowcroft, are loath to describe his approach to Eastern Europe as representing a Bush doctrine. This is too grandiose for the President's style. What has been seen both at the Nato summit and in the past 10 days is a cautious, collegiate style of policy-making and leadership – which has been more successful than past dramatic gestures.

President Bush (left) is greeted by Queen Beatrix and Prince Claus von Amsberg, her husband, yesterday as he begins the first ever visit by a US President to the Netherlands

THE LEX COLUMN

Red light in the High Street

Among all the wrangling over what is happening to UK consumer spending, a near 2 per cent slump in retail sales from one month to the next might seem clear enough. But not so: the monthly series has been so volatile of late as to be quite untrustworthy; and those who argue that higher interest rates have yet to work can point out that quarter by quarter, the trend is still gently upwards.

This is at least consistent with the sharp rise in consumer credit announced last week. But more anecdotal evidence from the retailers themselves – such as the weekly data from John Lewis – points the other way. Indeed, if yesterday's jump in bad debt provisions by the Girobank is a guide, some of the increased borrowing might be enforced rather than discretionary.

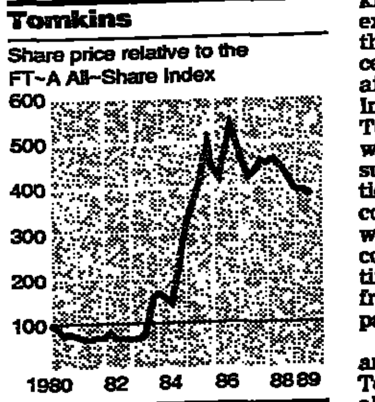
But supposing the drop in June retail volume is taken at face value, it does not settle the question of where base rates are heading. Though last week's inflation numbers looked reassuring, the real problem is wage settlements. The Government's chief weapon here is still the exchange rate; and though this has behaved well lately, a bad set of trade figures or another spurt by the dollar could change that.

Add to that the fact that the consumer downturn should soon be causing mishaps in corporate earnings, and it would be surprising if the market's Goldsmith-induced euphoria did not shortly evaporate. But there would be no harm in that; the FT-SE, after all, is at the top end of its trading range, even within a rising trend.

Privatisations

Once upon a time, investing in newly privatised utilities was considered suitable for widows and orphans; now it appears fit only for daredevils. Yesterday's tomes on water and electricity privatisation from Phillips and Drew came complete with wealth warnings unthinkable in the early days of privatisation. The City has evidently not forgotton what happened with Telecom and Gas, and is not going to be fooled again. Unless the Government is to sell water and electricity at a knock-down price to compensate for the risk, it will need to provide some pretty powerful guarantees to shareholders. In the case of electricity, this could cause problems. The Government will not want to set the RPI-X factor in stone: yet to change X by just 0.5 per cent seems to reduce the value of the distribution companies by a hair-raising 70 per cent.

Tomkins
Share price relative to the FT–A All-Share Index



Imry Merchant

There is no suggestion that the agreed institutional consortium bid for Imry Merchant Developers is a management buy-out, but it has some remarkable similarities. For a start the new owner – Marketchief – is borrowing two thirds of the money, has no other business of its own and is pledged to keep the Imry management team intact. Mr Martin Landau and Mr Martin Myers, Imry's two founders, have no interest in Marketchief, but it has to be assumed that if they are to remain fully committed to the new group rather than return to doing their own property deals, the future financial incentives will have to be pretty attractive.

The other question raised by the bid is why Marketchief's institutional backers need to bid for the company at all, if all they want to do is enjoy Imry's development expertise. Perhaps the fact that Imry's net asset value has risen twice as fast as its share price since flotation has something to do with it.

Tomkins

The market no longer regards the big conglomerates as a bunch of has-beens too big to grow through acquisition; but until now, it has persisted in regarding the midi-conglomerates as dead dull. The 4 per cent rise in Tomkins' shares yesterday is a belated recognition of their worth: not only were earnings up by a quarter, but the spread of profits was diverse and defensive. Contrary to popular myth, Tomkins does not seemed unduly exposed to housebuilding or to the UK consumer; barely 10 per cent of profits, it seems, are affected by either cycle. Indeed, to drive the point home Tomkins has removed the very words "building" and "consumer" from its list of activities. Meanwhile, the financial controls seem to be working well: the company is cutting costs in businesses facing hard times, and transferring capital from shrinking to growing parts of the whole.

However it is difficult to argue for a big re-rating just as Tomkins' earnings miracle is about to end. Even though growth this year of, say, 12 per cent would be better than the market average, a prospective multiple of about 9.5 does not seem excessively low. The standard problem with the conglomerates remains: much of the growth in the next year or two will come from sorting out Murray Ohio, its most recent big buy, while the flow of new deals seems to have dried up. The company says that bid candidates are too highly rated for it to do anything substantial. Such complaints did not stop Hanson, but Tomkins appears to mean it.

Girobank

The annual report and accounts of the Girobank are of more than passing interest. They confirm the sort of premium that can be paid on the rare occasion that a UK retail bank changes hands. Over the last five years Girobank's after-tax profits have fallen by a fifth, and its dividend has been increased just once, and then only by 5 per cent. However, along comes an ambitious building society – Alliance & Leicester – and agrees to buy it for 13½ times earnings and at a 30 per cent premium to net asset value. This contrasts with the 5-6 times earnings multiple for the UK banking sector, where most of the shares trade at substantial discounts to net asset values.

Of course, Girobank has 2½m customers and plenty of potential. But its own experience to date shows how hard it is to tap this potential profitably. Its diversification into personal lending – an obvious expansion route for the building societies – is a reminder of the pitfalls. Last year it had more than to double its provisions for bad and doubtful debts to £11.9m, which is £1.6m more than its total after-tax profits for the year.

US backs bid for Brazilian satellite deal

By Ivo Dawnay in Rio de Janeiro

MRS CARLA HILLS, the US Special Trade Representative, has taken the unusual step of writing to the Brazilian Government to support an American bid for a crucial $150m communications satellite contract.

US embassy officials in Brasilia confirmed yesterday that the letter had been sent at the request of Hughes, the California-based satellite maker and General Motors subsidiary.

Hughes, world leader in the satellite-manufacturing technology, is locked in fierce competition with a consortium led by Spar of Canada and Matra of France to build two satellites under the so-called Brasilsat 2 programme.

The decision to ask Mrs Hills to enter the fray suggests the US company is concerned that the poor state of trade relations between the two countries could prejudice its case.

Last May, Brazil was named by Washington as one of three countries to face fresh investigation and possible retaliation for unfair trade practices under the so-called "Super 301" provisions of the US Trade Act. The action provoked a furious outcry in Brasilia and formal protests under the General Agreement on Tariffs and Trade.

Leaked extracts from Mrs Hills' letter make specific reference both to the Super 301 decision and the Hughes tender, explaining that the "naming" of Brazil was a statutory requirement under legislation.

She goes on to emphasise that the US is not seeking a confrontation with Brazil and is seeking a mutually beneficial trading relationship. The letter concludes: "Moreover, it would be incorrect to consider that Hughes would be unable to meet its obligations."

The letter appears to be denying unspecified suggestions that Hughes' bid could be compromised by the Super 301 action. Such a possibility is more than likely in a contract battle that has provoked a flurry of claims and counterclaims from both sides.

Supporters of the Spar bid have claimed that Washington could create problems over the licencing of sales of US technology to Brazil, especially as part of the satellites will be used for military communications. This is firmly denied by the US. Hughes for its part has suggested that Spar's offer is not only $60m more expensive but also involves less technology and knowhow transfer and is based on erroneous hints from Canada that it will buy large numbers of Brazilian-designed Tucano jet trainers.

Ironically, at the beginning of the 1980s, Hughes and Spar joined forces to supply Brasil with its first two communications satellites.

However, since Hughes was taken over by GM which has a strong local presence in Brazil, the two companies have become rivals. The Brazilian Government is expected to announce a final decision on the contract imminently.

Bhutto and Gandhi clash on N-power

By Our Correspondent in Islamabad

PAKISTAN'S nuclear programme is not under the control of Ms Benazir Bhutto, the Prime Minister, Mr Rajiv Gandhi, India's Prime Minister claimed yesterday.

"Unlike our programme which is open and discussed in Parliament, theirs is under the control of the military," Mr Gandhi said on his first official visit to Pakistan.

Ms Bhutto, who maintains that Pakistan's nuclear programme is entirely peaceful, replied sharply that her Government was in full control.

Mr Gandhi also strongly defended his refusal to withdraw Indian troops from Sri Lanka.

Mr Gandhi came under criticism for rejecting the July 29 deadline set by the Sri Lankan Government for the withdrawal of the 45,000 troops.

Ms Bhutto, currently chairing the South Asia Association for Regional Co-operation (SAARC), expressed concern over the violence in Sri Lanka and President Ghulam Ishaq told Mr Gandhi: "It is necessary for India to dispel the impression of wanting hegemony over the region if there are to be friendly relations between India and Pakistan."

According to Mr Gandhi the biggest problem was Pakistan's nuclear programme. Despite the improved atmosphere between India and Pakistan, Mr Gandhi's brief overnight visit yielded no new agreements.

During a banquet for Mr Gandhi, Ms Bhutto offered to hold talks on arms control. However, Mr Gandhi denied that India had a military build-up. "We spend about 4 per cent of GNP on defence, whereas Pakistan spends 8 per cent."

No agreement was signed to end the fighting on Siachen glacier, despite extensive talks. Ms Bhutto said there would be more talks within a month.

Bush argues for closer European integration

Continued from Page 1

the horizon, on the new world coming into view."

He underlined the consistent refrain of his trip that "the Soviet Union has nothing to fear from the reforms now unfolding in some of the nations of Eastern Europe."

Moreover, "improved relations with the Soviet Union reduce pressure on the nations in Eastern Europe, especially those on the cutting edge of reform.

"The new world we seek is a commonwealth of free nations working in concert, a world where more and more nations enter a widening circle of freedom."

○ The West German Government announced yesterday that the conference on Western aid for Poland and Hungary, agreed at the Paris summit, would take place at the end of September, writes David Goodhart in Bonn.

Mr Helmut Kohl, West German Chancellor, suggested that the conference should be open to neutral countries too.

UK rail strike nears settlement as union accepts 8.8% pay offer

By Fiona Thompson in London

BRITAIN'S five-week long rail dispute was close to settlement last night after Aslef, the train driver's union accepted British Rail's improved 8.8 per cent pay offer and called off its eight-day long ban on overtime and rest day working.

The decision increased pressure on the national executive of the 75,000-strong National Union of Railwaymen to end their campaign of 24-hour strikes.

The NUR executive, which convened at 10am, was still debating the corporation's offer last night.

The offer includes substantial concessions on BR's plans to break up industry-wide collective bargaining.

The lengthy NUR talks make it likely that train services will be severely disrupted today even if the union calls off the fifth one-day stoppage, planned to begin at midnight last night.

A strike by NUR and Aslef members on London Underground, in a separate dispute over pay and changes to working conditions, will still go ahead.

British Rail contributed to the delay in resolving the dispute.

Having imposed a deadline of noon yesterday on the unions to accept the offer, it did not deliver the details of the package to the NUR's headquarters, close to BR's own office, until 12.26pm.

BR has offered all 130,000 rail workers an 8.8 per cent rise. Extra allowances for 64,000 staff in London and the South East will push their increases up to between 10 and 15 per cent.

It is understood that BR has also climbed down significantly by agreeing that pay and conditions for rail workers would continue to be negotiated nationally.

Last November BR gave notice to the unions that it intended to end industry-wide national collective bargaining on October 31 this year and replace it with five separate bargaining units based on skill groups.

BR still wants matters such as transfer and redundancy negotiated separately in each of the five new groups.

But it has accepted an initiative from the unions and extended the October 31 date for terminating the existing bargaining machinery by three months to January 31 1990.

The 8.8 per cent will raise the basic pay of drivers from £154.95 to £168.59 a week ($249-$272) and the wage of the lowest grade rail workers from £107.45 to £116.90.

Sir Robert Reid, British Rail chairman, said the BR board would now have to find a way to finance the offer.

It will cost BR £156m, which represents about 10 per cent of the annual wage bill.

He acknowledged that relations with the unions had taken a battering and stressed that moves were afoot to put things on an even keel.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	26	79	Malta	F	28	82	Rhodes		-	-
Algiers	S	31	88	Edinburgh	C	19	66	Manchester	S	22	72	Rio de J'o	C	28	82
Amsterdam	C	17	63	Faro	S	25	84	Manila	R	29	84	Rome	S	27	81
Athens	S	31	88	Florence	T	27	81	Melbourne	C	9	48	Salzburg	C	16	61
Bahrain	S	35	95	Frankfurt	S	20	68	Mexico City		-	-	San Francisco	F	13	55
Bangkok	F	34	93	Funchal	C	23	73	Miami	F	25	77	Seoul	F	29	84
Barcelona	S	27	81	Geneva	S	25	77	Milan	S	28	82	Singapore	F	31	88
Beirut		-	-	Gibraltar	S	26	79	Montreal	S	19	66	Stockholm	F	15	59
Belfast	C	17	63	Glasgow	F	19	66	Moscow	F	22	72	Strasbourg	S	21	70
Belgrade	C	17	63	Guernsey	S	22	72	Munich	F	19	66	Sydney	S	14	57
Berlin	C	17	63	Helsinki	S	19	66	Nairobi	C	22	72	Taipei	C	35	95
Biarritz	S	29	84	H. Kong	C	31	88	Naples	S	32	90	Tangier	S	31	88
Bombay	C	28	82	Innsbruck	F	13	66	Nassau	F	33	91	Tel Aviv		-	-
Bordeaux	S	31	88	Inverness	F	18	64	New Delhi		-	-	Tenerife	S	30	86
Brussels	F	19	66	Islamabad	F	34	93	New York	F	18	64	Tokyo	R	25	77
Budapest	F	20	68	Istanbul	F	26	79	Nice	S	26	79	Toronto	S	15	59
B. Aires		-	-	Jakarta	C	32	90	Nicosia	S	29	84	Tunis	F	31	88
Cairo	S	35	95	Jersey	S	25	77	Oporto	F	20	68	Valencia	S	29	84
Cape Town	F	9	48	Jo'burg	S	18	64	Oslo	C	15	59	Venice	S	26	79
Caracas	F	28	82	Lima	F	19	66	Paris	S	23	73	Vienna	F	19	66
Casablanca	F	27	81	Lisbon	S	32	90	Peking	R	23	73	Warsaw	R	13	55
Chicago	F	17	63	London	F	25	77	Prague	F	16	61	Washington	C	19	66
Cologne	C	18	64	Los Angeles	C	19	66	Reykjavik	C	14	57	Zurich	F	22	72
Copenhagen	F	18	64	Luxembourg	S	18	64								
Corfu	S	30	86	Madrid	S	34	93								
Dallas		-	-	Majorca	S	30	86								
Dublin	F	20	68	Malaga	S	27	81								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Taipei acts over Banking Bill fears

Continued from Page 1

But there is nowhere for all this cash to go. There is an enormous amount of idle money so a dynamic compulsion to make money as fast as possible has led to the growth of the underground investment companies. They mostly raise their money by investing in local stock and property markets where profits of 100 per cent or more are possible, leaving a substantial surplus after payment of the high intetest rates.

No one knows how big the market is. Along with Hung Yuan, other big names are Lung Hsing (or Fortune), Yung An, Lung Tou and Cheng Wei (which recently bought the Macao Jockey Club). The Government says that there are 176 companies under investigation, but there could be as many as 50 more small ones and about another 40 are believed to have folded last year. Estimates of their total funds range from NT$100bn to NT$200bn – with perhaps half the total playing the stock market.

The companies are illegal because they act as banks, taking deposits and paying interest, without being registered as banks. They have escaped being caught under existing legislation by claiming that they are only taking loans or equity investments, not deposits. Now the new Bill precisely defines a deposit taker as anyone who borrows, or accepts investments. It also introduces stiffer penalties with maximum seven-year jail sentances

At the same time the Government has clamped down on speculators who use false names for surrigate accounts to reduce holdings below a threshold for capital gains tax.

FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday July 18 1989

INSIDE

Magic figures to a banker's ears

It is an offer even the most cautious banker could not refuse. For a knockdown price of DM530m ($282m), the government of Hesse in West Germany is to sell to the state's savings banks the 50 per cent stake they do not already own in Hessische Landesbank. And not only does their money bring full control of the country's eleventh biggest bank, it also buys them other tasty morsels from the state's financial larder. Haig Simonian concludes his series on West German public sector banking with a look at this attractive piece of arithmetic. Page 23

Gentlemen versus players

Caledonia Investments, the publicly-traded investment group controlled by the Cayzer family, is facing its stiffest test in decades. Its task is to reinvesting the £427.5m ($690m) it pulled out of British & Commonwealth Holdings, the financial services company, two years ago. In this quest it refuses to be drawn into the world of aggressive takeovers. Instead it prefers a "civilised" approach built on board-room contacts and a distinctive expansion strategy borne of more than a century of continuous and vast family wealth. Page 26

Gardener to the common agricultural seedlings

The European Community's reforms of the common agricultural policy are proving successful and will remain in being for the foreseeable future, according to Mr Ray MacSharry (left), the EC's Agriculture Commissioner. He denies suggestions that since he became commissioner six months ago, the so-called budget stabilisers agreed by an EC summit have been eroded under pressure from the farming lobby. Bridget Bloom and Tim Dickson report. Page 30

Hong Kong lead equity gains

Another bullish few days for world equities saw all but three stock markets rise last week. Hong Kong led the gains, shooting up by more than 6 per cent as confidence and foreign money continued to flood back to the colony after its plunge last month during the China crisis. Page 42

Three keys to Wang's survival

WANG

Wang is in triple jeopardy. Only three years ago the loss-making US minicomputer manufacturer showed all the promise of an industry leader. But now, with its technology, finance and corporate morale under threat, its future is in the balance. Alan Cane looks at whether the group will be able to survive as an independent entity. Page 22

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Allianz	2130	+	22	Ficbel	1090	+	83.5
BMW	565	+	8	Lab Bellon	2366	+	98.7
Daimler	718.5	+	9	UFB Locabail	506	+	18.5
Falls				**Falls**			
Commerzbank	278.5	−	5.5	Cofimeg	3752	−	22.3
RWE	329.5	−	8.5	St-Gobain	1252	−	89.2
Viag	357.2	−	12.8	Sovac	55	−	4.6
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Am Management	12	+	1½	Daido Worsted	1240	+	80
Elec Res	34	+	3⅞	Komatsu Cons	1630	+	100
Goodrich BF	60⅝	+	3⅛	Lead	880	+	55
Marion Labs	27⅞	+	2⅝	Oye Kogyo	1310	+	110
United TV	37⅝	+	2⅝	**Falls**			
Falls				Fuji Kiko	1000	−	80
Cummins Eng	58⅞	−	5⅛	Sumitomo Metal	1310	−	80

New York prices at 12.30

LONDON (Pence)							
Rises				Tiphook	486	+	11
Axminster	98	+	9	Tomkins	285	+	11
Barton	256	+	8	**Falls**			
Cable & Wire	541	+	10	Boots	280	−	7
Coolsaon	346	+	11	British Gas	185	−	8
Davy Corp	269	+	8	Castlorys	448	−	14
Everard	164½	+	22	De La Rue	366	−	28
Hewlett (J)	192	+	8	Greycoat	548	−	14
Ivory Merchant	630	+	11	LASMO	517	−	8
Legal & Gen	340	+	9	Racal Elec	445	−	15
Lloyds Bank	355	+	9	Racal Tele	395	−	15
Lonrho	305	+	8	Smith (WH)	320	−	8
Midland Bank	355	+	8				
Tilbury	571	+	12				

Drexel to close Spanish arm

By Peter Bruce in Madrid and Janet Bush in New York

DREXEL BURNHAM Lambert, the US securities house, has decided to close its operations in Spain following official accusations that the firm's Spanish executives may have committed a "very grave misdeed" during the part-privatisation of the Repsol oil group two months ago.

The Spanish stock market commission, the Comision Nacional del Mercado de Valores (CNMV) believes Drexel made 400 applications for Pta7bn ($59m) worth of Repsol shares using the names of private citizens. Some people have complained their names were used without permission.

It was allocated 97,600 shares, worth Pta165m and passed most of these on at the offer price to institutional clients in the US, earning commissions and a trading profit of $123,069 in the process. Drexel Capital Markets Espana kept 17,815 shares on its own account.

In New York, Drexel said its senior Spanish executives had known they were under investigation for 10 days before telling their superiors in the US. The probe is a major embarrassment for Drexel, which has recently admitted violating US securities regulations.

Mr Frederick Joseph, Drexel's chief executive, said yesterday that "we said some time ago that the new Drexel would not countenance improper behaviour and we meant it." Drexel also said it was withdrawing an application for membership of the Madrid Stock Exchange, which undergoes a major reform at the end of next week.

Although the Spanish authorities would have frowned upon any institutional buying of Repsol shares through the use of individual names, a number of brokerages in Madrid are believed to have done so in order to get around the tight limits on allocations to institutions. Drexel's main problem is that it has been unable to convince the CNMV that it had permission to use all the names that it did.

The CNMV has legal powers to ban firms from operating in the Spanish markets, should misdoings be proven, though Drexel said in New York that it had not been pressed to leave.

Observer, Page 16

Dow in merger with US drug company

By Anatole Kaletsky in New York

MARION Laboratories, the fast-growing US pharmaceuticals company which came into the limelight five years ago because of the success of two cardiovascular and gastrointestinal prescription products, yesterday announced a two-step merger with Dow Chemical.

The deal put the company's total value at almost $5bn. Marion's market capitalisation was only $400m as recently as 1983.

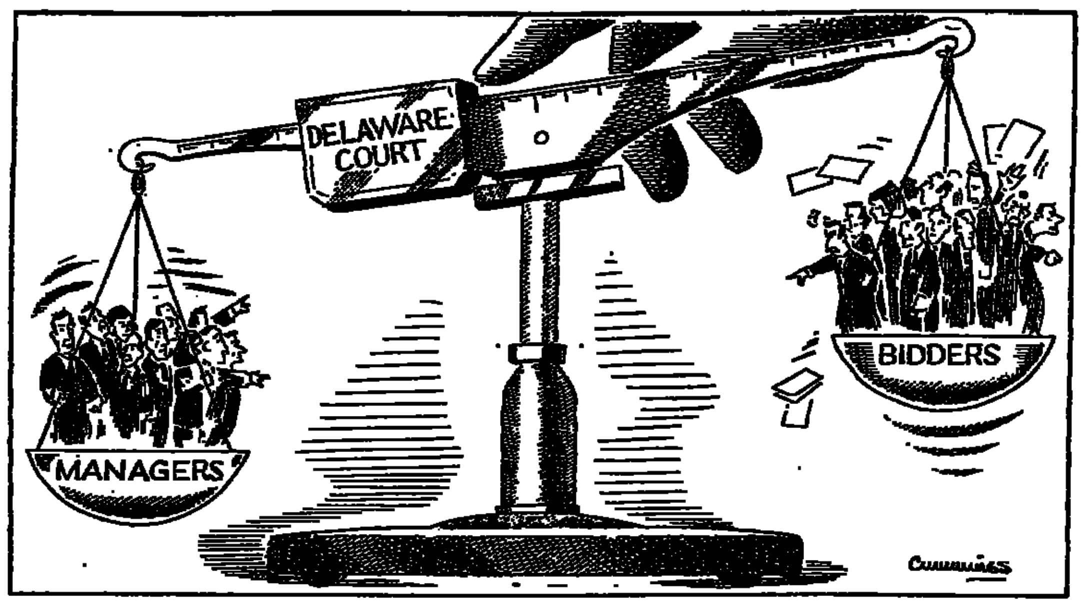
In the first part of the complex merger arrangement, Dow is to launch a tender offer at $38 a share for 39 per cent of Marion's outstanding equity. After completion of the tender Dow will hand over its in-house drug subsidiary, Merrell Dow Pharmaceuticals, to Marion. Marion will then issue new shares to Dow and Dow will issue a new class of its own securities to Marion's shareholders.

Once all these arrangements are completed in 1991-92, Dow will end up with 67 per cent ownership of Marion, while Marion shareholders will have a substantial stake in Dow. The value of this Dow stake will depend on Marion's common stock price over the next two to three years.

Wall Street analysts had difficulty putting an accurate value on Dow's complex offer, noting that it would be contingent on the performance of both Marion and Dow. However, Marion's shares bounded upwards after the announcement, gaining $6⅝ to $31⅞.

For Marion the attraction of the merger appeared to lie in the financial security of having a powerful dominant shareholder, as well as in the greater operating stability created by combining its business with that of Merrell Dow. Even after yesterday's announcement, Marion's stock will stand 25 per cent below the peak of $41⅞ it reached in 1987 before the Wall Street crash. However, Marion shareholders who might have held out for a higher price from Dow were unlikely to be successful given the 23 per cent stake held by Mr Ewing Kauffman, chairman, who said he was backing the Dow merger.

For Dow, the deal could provide greater exposure to the rapidly growing, profitable pharmaceuticals business as the company's core commodity chemicals production is widely expected to enter a cyclical downturn.



Delaware tips the US bid balance

Roderick Oram on the Time-Paramount judgment

Delaware, the Diamond State, is a gem of a place for US companies to incorporate. More than half the top 500 have done so over the years, attracted by its laws favouring low taxes and incumbent management.

The trouble was that the Delaware courts, which have decided the fate of virtually every major US takeover battle in recent years, had begun siding with shareholders in some instances. A few high-paid lawyers and chief executives began muttering about moving on to more accommodating states.

Thus they were elated, and takeover players dismayed, when the status quo was resoundingly upheld last Friday. Asserting that directors had a right to take long-term decisions which may not be in the short-term interests of shareholders, Chancellor William Allen ruled in favour of the proposed $14bn merger of Time Inc. and Warner Communications.

"One has to be disturbed about the (court's) cavalier attitude toward shareholders," said Mr Robert Pirie of Rothschild Inc, the Wall Street firm hired by Mr Rupert Murdoch to assess the Time-Warner deal. Several newspaper editorials yesterday also expressed concern about diminished shareholder rights.

Many lawyers see Chancellor Allen's 79-page judgment as a significant swing of the legal pendulum back in favour of managements, making a powerful weapon for boards fighting hostile takeovers.

It gives new life to mergers, where bidders do not pay a premium to win control of a company. Mergers had been rendered obsolete in recent years by shareholders' willingness to take large sums of cash for their shares. For Time, it clears a major obstacle to its merger with Warner through a $70 a share offer.

Time, long under siege as a rumoured takeover target, had agreed in March to merge with Warner. It called the deal a grand strategic alliance, combining the two groups' great strengths across the whole spectrum of media from magazines and books to films, music and cable television.

Critics called it a cynical attempt by entrenched management to make their company too big to takeover. They pointed out, for example, that Mr Steve Ross, Warner's chief executive, would earn personally between $100m and $250m from the deal over the next five years, a sum equal to the total net profits Time is likely to make this year.

Paramount Communications, a rival media group, tried to thwart the merger by bidding $200 a share, some $12.2bn, for Time. When Time dismissed the offer out of hand saying it was not for sale, Paramount and dissident Time shareholders asked the Delaware Chancery Court to block the merger. They argued shareholders had a right to chose the offer rather than suffer a fall in Time's share price to around $140 a share after the merger, which even Time's advisers conceded could happen.

"Corporation law does not operate on the theory that directors, in exercising their powers to manage the firm, are obligated to follow the wishes of a majority of shares," Chancellor Allen wrote. "Directors, not shareholders, are charged with the duty to manage the firm.

"While some shareholders, even a majority of shareholders, may disagree with the wisdom of their choice, that fact provides no reason for this court to force them, under the guise of fiduciary obligation, to take another, more popular course of action."

He added that "it is not part of the function of the court to evaluate whether the Time-Warner deal is a good deal for Time shareholders, or a poor one."

But Time's merger plans were a legitimate strategy, building, for example, on its earlier diversification into video and cable.

The fact that Time's management and board "had at all times, one eye on the takeover market...and took steps to afford themselves the conventional defences" did not invalidate their claim that the company was not for sale. The merger plans were laid three months before the Paramount bid.

Paramount argued that the Time merger with Warner constitutes a change of ownership and thus the company was being sold. Chancellor Allen rejected the idea, saying that control would rest after the merger with a "fluid aggregation of unaffiliated shareholders" as it had before.

Furthermore, there was no requirement under Delaware law that Time put plans such as its bid for Warner to a shareholder vote, the judge said.

The Delaware Supreme Court will hear an appeal next Monday from Paramount and dissident Time shareholders. But it is widely felt among Wall Street lawyers that the higher court will uphold Chancellor Allen's ruling.

In fact, the Time-Paramount case finds the two courts in closer harmony than in a number of other cases. Chancellor Allen has won a reputation for being somewhat kinder to shareholders, while the Supreme Court has over-ruled him in some instances, reinforcing its reputation for being more pro-management.

Some of the rulings, though, by Chancellor Allen and his fellow Chancery judges were clear cut in their support of shareholders. The court removed, for example, Pillsbury's poison pill because it said the company's sketchy defence plan was not a credible alternative to Grand Metropolitan's all-cash, all-share offer. Yet in making this decision, the court was adjudicating between two offers, which it declined to do in the Time case.

But even if the Supreme Court is seen as supportive of incumbent directors and managements, it lands heavily on any who abuse their position. In 1986 it stripped the defences of Revlon after it disapproved of the way the cosmetics group handled itself.

In his Time ruling, Chancellor Allen took a swipe at Wasserstein Perella. The investment firm has forecast that the shares of a combined Time-Warner would trade between $106 and $188 next year and by 1993 at $208 to $402. The second is "a range that a Texan might feel at home on," he wrote.

Concern about the way Delaware courts had been ruling came into sharp focus last November when Mr Martin Lipton, one of the most famous New York corporate defence lawyers and inventor of the poison pill, wrote to his clients suggesting "Perhaps it is time to migrate out of Delaware." His comments caused an uproar, with critics saying he was trying to coerce the Delaware legislature and courts into returning to their traditional role.

By this past spring, the first sign of a shift back towards an attitude more supportive to management came in the case of Polaroid. The instant photography and imaging group had placed significant minority share stakes in the hands of employees and friendly investors to thwart a takeover offer from Mr Roy Disney. Polaroid argued it was embarked on a comprehensive strategy which would flounder under the heavy burden of the takeover. The court upheld the move.

But observers say the change, marked most strongly by the Time case, should be attributed to the normal ebb and flow of intellectual arguments in the judicial process, and not to the fulminations of high-priced lawyers.

P&G moves to block Camp sale

By Peter Bruce in Madrid

PROCTER & GAMBLE, the American detergents multinational, said yesterday it was taking "immediate" legal action to try to stop last weekend's sale of Spain's biggest detergent company, Camp, to a privately-owned West German rival, Benckiser.

Procter & Gamble said it had been "astonished" by weekend press reports of the sale. It had paid a deposit of Pta1.5bn ($12.6m) on June 16 to the three brothers who own Camp, which bought it the right to negotiate an outright purchase and which obliged the Camp brothers not to sell to anyone else.

Benckiser, based in Ludwigshafen in the Rhineland Palatinate, paid more than Pta33bn for Camp on Saturday after making an eleventh-hour offer to upset Procter & Gamble's negotiations.

Camp is a Barcelona-based group with sales last year of Pta30.9bn.

Procter & Gamble had hoped to close the deal last Friday for Pta31.7bn. Its representatives had waited in the office of a notary to complete the sale until late into Friday night but the Camp brothers never arrived.

As it turns out, they were deep in discussion with Benckiser. These negotiations ended at about 10am on Saturday morning. Procter & Gamble said the Camp brothers had notified the relevant government authorities of their intention to sell their company to Procter & Gamble on June 27 and had been given permission to go ahead on July 10.

Mr Eduardo Baeza, Procter & Gamble's managing director in Spain, called the sale "scandalous" and said that legal proceedings against the Camp brothers had begun. "One has to realise that a deal worth Pta30bn is not an everyday occurrence in Spain. The behaviour of the Camp brothers appears to us to be absolutely out of order and we will not spare any effort to have our rights respected," he said.

Camp's lawyers said yesterday that they had not received any money from Procter & Gamble and that they regarded their agreement with the US multinational as simply one covering talks about a sale and not a commitment to sell.

In Germany, Benckiser said that the purchase would boost its turnover substantially. It added that the Camp group's 1988 sales were around DM500m ($265m). Benckiser reckons it will achieve sales of DM2.0bn in 1989.

Cummins in Hanson buyback

By Anatole Kaletsky in New York

CUMMINS Engine, the US manufacturer of diesel engines which has been at the centre of takeover speculation since Hanson, the British conglomerate, disclosed an 8.3 per cent stake, yesterday announced a complex buyback agreement which would yield Hanson a handsome profit.

Hanson's agreement to dispose of its 1.04m shares in Cummins for $72m, or about $69 a share, led to a 10 per cent plunge in the share price. The shares settled $5¼ down at $58¾ in heavy trading.

Hanson bought the shares last December at an average price in the low $50s and stood to gain a little under $30m on its investment.

Mr Martin Taylor, Hanson vice chairman, said yesterday: "It was an investment stake and we were offered a price which we thought justified a sale."

The deal involves an unusual twist to what might otherwise have been criticised as a "greenmail" arrangement, because it enables Hanson to dispose of its stake in Cummins at a higher price than that available to shareholders at large. The cost of buying Hanson's stake is to be shared between the company itself and two of its wealthy individual shareholders.

These two shareholders, Mr Irwin Miller and his sister, Mrs Clementine Tangeman, are descendants of the company's founders, Will Irwin and Linnie Sweeney. Mr Miller and Mrs Tangeman bought the Hanson shares, but immediately changed them into newly-issued Cummins loan notes of equivalent value. They also changed their existing Cummins shareholdings, worth about $37m, into newly-issued preferred stock.

The newly issued loan notes and preferred shares both yield 10 per cent, in effect enabling Cummins to pay the financing costs for Mr Miller's and Mrs Tangeman's share purchase.

Mr Miller and Mrs Tangeman said that their transaction was motivated by a desire to safeguard Cummins' independence, keep its headquarters in Columbus, Indiana, and indicate their backing for the management's controversial strategy of sacrificing short-term profits to fight Japanese competition and maintain Cummins' worldwide market share.

Mr Miller, currently a director of Cummins, was chief executive for nearly 40 years until his retirement in 1973 and was instrumental in the selection of the present chairman, Mr Henry Schacht.

Reflecting on the new debt burden Cummins was undertaking to finance the Miller and Tangeman share repurchase, the company said it would consider issuing new equity if it could identify potential long-term investors. Meanwhile, Standard & Poor's credit rating agency said it was reviewing the company's bonds ratings because of the share repurchase deal's "negative" credit implications.

Plessey hints at new GEC talks

By Hugo Dixon in London

PLESSEY, the UK electronics group, indicated yesterday that it was willing to reopen peace talks with the General Electric Company of the UK and Siemens of West Germany about a solution to their bitter nine-month takeover battle.

"There is an agreement that there is an avenue worth pursuing," the company said. However, it made clear that there were no formal talks taking place between the two sides.

Plessey's willingness to reopen discussions seems remarkable given the criticism it heaped upon GEC for alleged breaches of faith following the break-down of peace talks less than two weeks ago. The company is now anxious to play down these criticisms on the grounds that they were made in the heat of the moment.

Plessey would not comment on when, if at all, new discussions might begin.

However, directors of the two companies are understood to have made informal contacts over the telephone over the past week.

Plessey's olive branch seems to have been prompted by a feeling that it would not be to the advantage of its shareholders if the takeover battle should drag on for another three months or more. The whole process has been delayed because of difficulties GEC is having in agreeing undertakings on national security and competition with the Ministry of Defence and the Office of Fair Trading before it can resume a bid.

Plessey is not thought to be willing to agree to a full takeover by GEC/Siemens. If a renewed bid were to materialise, it is understood it would still resist this.

The company's hope rather seems to be that a compromise can be reached, based on selling its half-stake in GPT, its telecommunications joint venture with GEC. Nevertheless, it appears to realise that it would have to throw more into the pot than the GPT stake if it were to tempt GEC.

The original peace talks floundered when GEC insisted that Plessey also include its strategically important sonar business in a new joint venture.

Plessey is now believed to be willing to listen to proposals that would revive the idea of a joint venture in sonar or other forms of co-operation.

GEC directors were not available for comment calls last night.

State may reduce stake in Cockerill Sambre

COCKERILL SAMBRE, the 99.2 per cent state-owned Belgian steel maker, might issue new shares in the autumn in a capital increase, according to a spokesman for Mr Bernard Anselme, the Belgian minister responsible for the group, AP-DJ reports.

The spokesman said the authorities were studying the possibility of an issue equivalent to between 10 per cent and 20 per cent of Cockerill-Sambre's current share capital. Discussions were still at an early stage.

The steelmaker has 281.8m shares outstanding. Cockerill Sambre stock closed at BFr374 yesterday.

Plans for the issue follow a turnround in Cockerill Sambre's results. In 1988 the steelmaker posted net profit - its first in 13 years - of BFr7.2bn ($181m), against a loss of BFr1.8bn for 1987.

A share sale would reduce the state's shareholding in the steelmaker to about 90 per cent. The Belgian authorities have been discussing for several months a formula under which Cockerill Sambre could enlarge its shareholder base.

There were plans earlier in the year to sell part of the state's shareholding, but the steelmaker's improved financial position led the authorities to consider a capital increase.

Australia unhappy over Chase Corp delisting

THE NATIONAL Companies and Securities Commission, Australia's corporate watchdog, said it is unhappy with plans by Chase Corp, the New Zealand property and investment group, to delist its shares on the Australian Stock Exchange, Reuter reports.

Mr Ray Schoer, the Commission's executive director, said the delisting could disadvantage shareholders in Australia because some information on the company might not be available.

"Their decision to delist in Australia means they will no longer be subject to Australian rules which require companies to disclose information to shareholders," Mr Schoer said.

He said the commission was examining the proposal and discussing it with the Australian exchange and New Zealand corporate authorities.

Chase Corp announced on Friday it wanted a delisting. It said it wished to cut costs by delisting but would retain its New Zealand listing.

The company has been disposing of assets to reduce debts and holding talks with its bankers on a moratorium.

The Australian exchange said Chase Corp shares had not been suspended, contrary to local press reports. It said quotation of the stocks would continue until further notice.

Paribas exchanges stakes with Hafnia

By George Graham in Paris

PARIBAS, the French investment banking group, is to exchange equity stakes with Hafnia, the second largest Danish insurer, and plans to develop extensive business co-operation with the company in the Scandinavian market.

The Paribas stake in Hafnia will amount to 2.4 per cent of its capital and 4.4 per cent of its voting rights, and is expected to cost FFr90m ($14m).

Hafnia, meanwhile, will eventually build up a 1 per cent stake in Paribas, worth around FFr300m at the company's current share price, and will join the French bank's group of stable shareholders.

The alliance follows a series of business partnerships cemented by equity stakes, such as that recently concluded with Ferruzzi, the Italian foods group led by Mr Raul Gardini, which Paribas has built up since its privatisation in January 1987.

Hafnia has around 11 per cent of the Danish life assurance market and 13 per cent of the accident insurance market, but is also active in asset management, through Hafnia Trust and Investment Bank, and in mergers and acquisitions and corporate finance through Hafnia Merchant Bank.

Paribas recently sold its Norwegian subsidiary to Oslobanken, acquiring in return a 15 per cent stake in the Norwegian commercial bank.

● Daiichi Seiyaku, the big Japanese ethical drugs producer, has signed a contract to form joint ventures in Tokyo and Paris with Sanofi, the major French pharmaceutical company, to produce and market each other's drugs for treating thrombosis, Kyodo reports from Tokyo.

A joint venture will be established in Tokyo over the next few months. Capitalised at Y100m it will produce and market Sanofi's products. It will be owned 51 per cent by Sanofi and 49 per cent by Daiichi.

A similar venture will be established in Paris over the next year, with the equity stakes reversed.

Lord King under fire for 116% increase in salary

By Lynton McLain

LORD KING, the chairman of British Airways, yesterday had to defend the 116.6 per cent increase in his salary to £385,791 ($621,123), following criticism from shareholders at the company's annual general meeting in London.

Lord King said: "The justification for whatever is being paid to people who are running this airline is in the results before you." The revenue at BA rose 13.3 per cent in the year to the end of March to £4.25bn. Pre-tax profit was £268m, up 17.5 per cent on the previous year.

Several investors criticised the size of the salary, and at least one BA engineer who is a shareholder suggested that the airline's engineers should receive similar increases. Lord King was told that there was a haemorrhage of engineers leaving BA.

But Lord King retorted to the engineer: "I bet you could get more. It's a free world. If you do not want us to be paid at all we will do some other job."

Lord King said it had been the decision of the directors to give him something that would "compete with the rate for the job internationally that I was doing".

Shareholders also questioned the £511,000 compensation paid to Mr Gordon Dunlop, the former financial director of BA. He received a total of £895,000, including his pension rights. Lord King said the payment had been due to Mr Dunlop.

British Airways has re-introduced the posts of joint deputy chairmen, dropped some years ago. Sir Colin Marshall will keep his post as chief executive and will become one of the airline's joint deputy chairman, Lord King told shareholders.

The other joint deputy chairman is Mr Michael Angus, chairman of Unilever, who will act in a non-executive capacity, on the retirement of Mr Robert Henderson, deputy chairman.

Lord King, in his opening address to the meeting, called for the earliest centralisation of Europe's air traffic control systems to make delays a thing of the past.

He urged a co-ordinated effort to ensure that Heathrow beat off European challenges to its position as the world's leading airport.

"We should press for the early unification of air traffic control systems in north-west Europe under Eurocontrol (the organisation being set up by national civil aviation authorities). We must make air traffic control delays a thing of the past," he said.

IRI looks at Banco di Roma

ISTITUTO Mobiliare Italiano (IMI), the Italian merchant bank, would be interested in taking a stake in state bank Banco di Roma as part of a wider strategy to expand its European business, according to Mr Rainer Masera, IMI director-general, Reuter reports.

He said in a newspaper interview that he had discussed "the hypothesis of an IMI minority stake in Banco di Roma, with a specific European aim" in a recent meeting with Prof Romano Prodi, president of Banco di Roma's parent holding, Istituto per la Ricostruzione Industriale (IRI).

Banco di Roma is increasing its capital, after which IRI's present 77.38 per cent stake could fall to 65 per cent.

Mr Masera referred to speculation that Commerzbank could eventually take a stake in Banco di Roma, commenting that such a move could favour IMI's ambitions to expand in West Germany. "An opening for Commerzbank in Italy would not come without some balancing development in West Germany," Mr Masera said.

But Commerzbank said in Frankfurt the bank would only be interested in taking a stake in Banco di Roma if the state's holding fell considerably.

"Our position is very clear. We would only be ready for such a step when Banco di Roma is not held over 50 per cent by the state," Commerzbank said. Commerzbank is linked to Banco di Roma through a four-bank accord also including Crédit Lyonnais of France and Spain's Banco Hispano-Americano.

Last month Banco di Roma denied it was holding talks with foreign banks with the aim of selling them a stake in its capital. This followed a statement by Mr Ernst-Moritz Lipp, Dresdner Bank's director-general, that Dresdner was thinking of taking a stake in an Italian bank.

VNU buys US information supplier

VNU, the largest Dutch publisher, said it bought the US information supplier Federal Document Retrieval Inc for an undisclosed sum, Reuter reports.

FDR was acquired by Disclosure Inc, a US subsidiary of VNU Business Information Services, VNU said. FDR, based in Washington, DC, provides access to information from many US government legal and financial bodies including the Securities & Exchange Commission, the Congress 50 state legislatures. It has 85 employees and operates throughout the US.

● Ahold, the leading Dutch retailer, has agreed to acquire the Dutch Incares group of kitchen outfitters, AP-DJ reports.

Ahold declined to comment on the annual sales of the new subsidiary, but described Incares as "small." Incares supplies kitchen appliances to large institutions, and Ahold said the acquisition was in line with its stated policy of expanding its institutional foods and kitchen supplies group, which has annual sales of around Fl 765m.

Incares employs 12 people at two subsidiaries based in the Netherlands.

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INTERNATIONAL COMPANIES AND FINANCE

Leading US banks report mixed second quarter

By Anatole Kaletsky in New York

SEVERAL big US banks reported mixed results in the second quarter, as Chase Manhattan and J.P. Morgan suffered substantial falls in profits, while Security Pacific and First Chicago showed significant gains.

Chase Manhattan, the second largest US bank group, earned $137m or $1.31 a share after tax in the second quarter. While this was sharply down from the $224m or $2.45 reported a year ago, the earlier figure included two one-time items – a $99m net gain from the sale of Cain Chemical, an LBO investment, and a tax benefit of $35m.

Allowing for these factors, Chase's underlying income was slightly higher in the latest quarter than the year before. The bank's stock fell by $¼ to $38¼ in moderate trading on Wall Street.

Chase said its earnings were favourably affected by a 1.1 per cent increase in net interest income to $791m and higher investment banking fees, trust and fiduciary services and foreign exchange trading. Negative influences included smaller gains from the sale of investment securities and moderately higher operating expenses.

The growth in net interest income was due entirely to the resumption of cash interest payments from Brazil, which more than offset the non-payment of interest by Argentina.

In accordance with Federal Reserve recommendations, Chase took a charge-off of $152m, equivalent to 20 per cent of its exposure to Argentina. Most of the charge came from existing loan loss reserves and had no impact on the bank's reported earnings, but Chase added $50m to its reserve for Third World countries.

J.P. Morgan, the parent company of Morgan Guaranty Trust, reported a 9.8 per cent decline in net income to $206m or $1.09 a share. A year ago Morgan earned $229m or $2.05.

Morgan's net interest income declined by 17.5 per cent to $316m, largely because of this year's sharply higher short-term interest rates, which raised Morgan's funding costs and limited its ability to benefit from the shape of the yield curve.

It recorded $33m of interest from Brazil in the latest quarter. It charged off $112m in loans to Argentina and added $35m to its total provisions for credit losses.

Morgan's non-interest income increased by 29 per cent to $485m, reflecting higher trading revenues, fees, and commissions. Gains from securities sales were significantly lower than the year before. Operating expenses rose by 9.3 per cent in the quarter.

Security Pacific, the big California money centre bank, enjoyed a 19 per cent advance in net income to $184.5m or $1.58 a share. Last year the bank made $154.3m or $1.36.

Its improved profits came despite a substantial increase in the provision for credit losses, which was $111.6m in the latest quarter, against $79.3m the year before.

First Chicago, the leading mid-Western bank, reported net income of $134.4m or $1.98 a share. Total net income was 9 per cent up on the $122.9m reported last year, but the per share figure was down 2 per cent from $2.02.

First Chicago noted that operating earnings, excluding tax benefits connected with reserves for Third World lending, were up by 22 per cent to $122.4m in the latest quarter.

● Marine Midland Banks, wholly owned by Hongkong and Shanghai Banking, reported net income of $81.6m for the six months to June 30, up 12.7 per cent on the $72.4m in the first half of last year, Reuter reports.

Net interest income was affected by lower interest rate margins in the second quarter of 1989, but this was partly offset by continued growth in income from fees and service charges. Non-performing loans stood at $1.07bn, or 4.68 per cent of loans outstanding, against $755.2m, or 3.39 per cent, as of June 30, 1988. These loans stem mainly from lending on domestic real estate and refinancing loans to LDCs.

Strong GE advance confounds Wall Street

By Anatole Kaletsky

GENERAL ELECTRIC, the US industrial, broadcasting and financial services conglomerate, reported another quarter of strong earnings and revenues.

This confounded some Wall Street analysts' expectations that the giant company was approaching a period of slower expansion after six years of rapid earnings growth.

GE made net profits of $972m or $1.08 a share in the second quarter, up 16.4 per cent from the $835m or 93 cents reported a year ago.

Quarterly revenues increased by 13.4 per cent to $13.5bn. The latest figures did not suggest declining momentum, since growth in both earnings and revenues were little changed from the first quarter.

In the first six months of 1989, GE earned $1.83bn, 16.7 per cent more than in the corresponding period of 1988, on revenues which were 13.4 per cent up at $25.4bn.

Although the latest earnings were above many analysts' expectations, GE's shares declined $¼ to $54⅞. The shares had performed strongly in the recent rally on Wall Street, as analysts revised their profits forecasts upwards ahead of the earnings announcement.

Mr John Welch, chairman, said the strong earnings performance was "spurred by GE's operating margin," which at 12.1 per cent was the best in the company's history. Earnings and order volumes were buoyant in plastics, financial services, medical systems and aircraft engines, he said.

Mr Welch added that GE was well-positioned to maintain its growth in the coming years because of strong orders in several long-cycle businesses, particularly aircraft engines and power generation.

Orders for aircraft engines had totalled $4bn in the past six months, resulting in a $13bn order backlog. The last two quarters also saw evidence of a long-awaited resurgence in power generation orders, Mr Welch said. GE booked power orders worth $2.4bn in the first six months of the year.

Also a joint venture arrangement with Britain's GEC had been completed. This will provide GE with a strong European presence in the appliance, electrical distribution, gas turbine and medical equipment businesses.

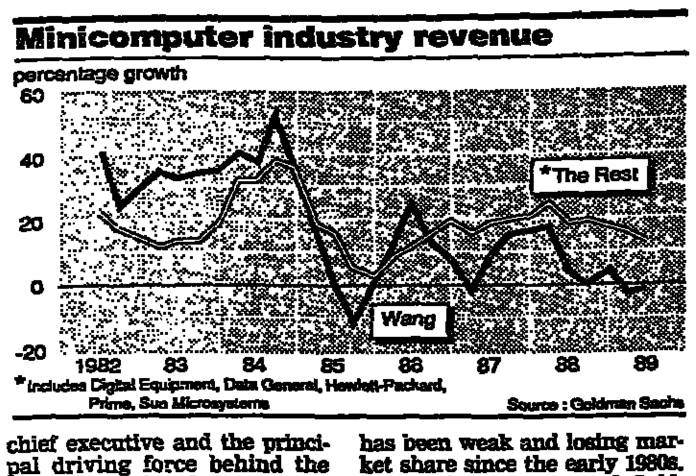
Wang's future hangs in balance

Alan Cane on why a computer company's fortunes have slumped

The future of Wang, the loss-making US minicomputer manufacturer which only three years ago looked an industry leader, is now in the balance. The group faces triple jeopardy in technology, finance and corporate morale and the question is: can it survive as an independent entity?

The products from which it derives more than 95 per cent of its revenues, traditional minicomputer systems, are finding less favour with customers.

Meanwhile, it is pinning its hopes on a new product family, based on advanced imaging technology, including a system for putting handwritten messages into a computer system.



Imaging technology is exciting interest among potential customers but it may be too late to help the company's serious financial position.

Wang has a serious debt problem exacerbated by its decision, when its market turned down, to finance its operations with commercial paper.

The balance sheet for 1989 shows an increase in commercial paper from $82m in the first quarter to $387m in the third. Last month, however, institutions declined to reinvest in the paper as it fell due, reflecting a loss of confidence in the company's ability to overcome its problems.

Wang, therefore, has been forced to increase its bank loans. It is renegotiating some $300m in short-term credit with its bankers. "Our bankers seem to be in the office every day now," Mr Kenneth Olisa, vice-president in charge of world-wide marketing, says wryly.

The company is expected this week to report a substantial loss both for the fourth quarter, ended June 30, and for the year. It will also take a substantial charge in the quarter as the cost of restructuring the balance sheet to remove excessive inventory. Its inventory turnover has been picked out as one of the worst in the industry.

Dr An Wang, founder and chief executive and the principal driving force behind the company during the 39 years of its existence, is now recovering from an operation for oesophageal cancer performed last week.

Company executives are banking on his resilience and determination to beat the disease. He was in his office, working, until the day before the operation. He plans to be back there by September 1.

Mr Olisa thinks the company has about six months to put its financial house in order or it will find it difficult to maintain its independence. It is protected by its share structure against hostile bids but financial weakness would open the way for a friendly merger or takeover.

Wang was one of the most promising US computer companies until 1985. It chief strength lay in its understanding of office automation and, in particular, word processing. Its reputation was built on the VS and OIS minicomputer families which served offices and departments with a range of office facilities.

In the past four years, however, Wang has seen a sharp decline in its fortunes. It seems to have failed to grasp just how quickly the minicomputer world was changing as customers came to prefer networks of inexpensive personal computers to traditional minicomputers.

The result has been that Wang's minicomputer business has been weak and losing market share since the early 1980s.

Mr John Levinson, of Goldman Sachs, the US firm of stockbrokers, in a gloomy analysis of Wang's prospects, writes: "With its traditional minicomputer products under tremendous competitive pressure, Wang, like other traditional vendors, is struggling to find new areas of value added."

Mr Olisa, while accepting that the market for general purpose minicomputers of the kind Wang builds is at best tough and at worst shrinking, rejects the argument that Wang has been a technology laggard.

"We have not been a technology fashion follower," he says. "We have not espoused, for example, Risc architecture, but we have not been behind in technology. What we have to do now is communicate our technology better in the market place."

Risc technology, a method of making semiconductor processor chips more simply so they operate faster, is very much of a hot topic among minicomputer manufacturers. Hewlett Packard, for example, the US manufacturer, has committed itself entirely to Risc computers.

Mr Olisa says mistaken optimism that the market would understand and appreciate Wang's approach is at the heart of its problems. "We failed to present our product lines in the language of today," he says.

Now there is a new emphasis on asset management and productivity. "Once we tried to be all things to all people," Mr Olisa says. "Now we are focusing on four key markets: manufacturing, law, finance and governments."

One aim is to improve revenue per employee by 12 to 15 per cent to the industry average of about $115,000. Wang has already cut its workforce this year to about 27,000 from 30,2000.

The company also intends to reduce inventories by $60m this year and decrease the level of net property, plant, equipment and spare parts by $100m over the next two years.

According to Mr Levinson of Goldman Sachs: "Wang has gradually been selling idle land and building and is currently analysing the disposal of additional plants in favour of shifting more output to its tax-advantaged foreign operations."

Mr Olisa was in the UK recently to repair fences in Scotland where there had been considerable anger over the company's decision to close its Stirling factory – built with the aid of £3.7m in government grants – with the loss of 240 jobs.

Mr Olisa said the final tranche of about £400,000 in grant aid would automatically be repaid. The rest of the grant was more than covered by the benefits the Wang operation had brought to the region.

There had been expressions of interest from UK, US and Japanese companies in acquiring the factory.

The company's chief hope of independent survival, however, lies in its imaging technology which it hopes will prove as important to business in the 1990s as word processing was in the 1970s and 1980s.

In the 11 months to May 1989, it sold $96m worth of imaging equipment, about 3 per cent of its annual revenues of just over $3bn.

Mr Olisa says when sales reach 10 per cent of revenues, imaging products will become immaterial to Wang's survival. But he accepts that time is running out.

Alcoa ahead but growth slows

By Karen Zagor in New York

ALUMINUM Company of America (Alcoa), the world's biggest aluminium producer, has reported another increase in second quarter profits, revenues and output, although the rate of growth has slowed.

Net profits for the second quarter ended June 30 rose 19.7 per cent to $285.2m, or $3.21 a share, from $237.6m or $2.69 a year earlier. Sales rose 11 per cent to a record $2.76bn. Shipments increased 5 per cent to 654,000 tonnes.

A year earlier the company lost $24.9m or 28 cents a share in foreign exchange transactions, mainly between the Australian and US dollars. For the recent quarter, the translation and exchange adjustment resulted in a gain of $19.7m or 22 cents a share.

In the first half, net income increased 34.8 per cent to $561.2m or $6.33 a share from $416.3m or $4.71 a year ago. Revenues were $5.38bn against $4.59bn. A year earlier, unfavourable translation and exchange adjustments were $46.1m or 52 cents a share. For the first half of 1989, adjustments were favourable, at $20.9m or 24 cents a share.

"The softening that is occurring in certain markets should be beneficial in reducing inflationary pressures without creating a recession," said Mr Paul O'Neill, chairman.

"While there is weakness in consumer durables and building and construction markets in the US, orders for new and replacement aircraft continue at record levels, and demand for aluminium cans continues to grow throughout the world. The latter two are large markets for Alcoa."

Mr O'Neill added that Alcoa of Australia and Alcoa Aluminio in Brazil, the company's largest affiliates and major producers of alumina and aluminium ingot, continued strong performances.

The Pittsburgh-based group said that a strong aluminium market around the world had pushed second quarter earnings above the company's goal of a 15 per cent average return on shareholders' equity.

Surge at Cara Operations

By Robert Gibbens

CARA OPERATIONS, the Canadian food services group, registered a 23 per cent gain in the first quarter to June 25.

The group, trying to wrest control of Dunkin' Donuts in the US with partner Unicorp Canada via a US$305m bid, turned in a net profit of C$5.9m or 16 cents a share, against $4.8m or 13 cents a year earlier on revenues up to $162m from $147m.

Videotron finds buyers for UK arm

By Robert Gibbens in Montreal

VIDEOTRON, Canada's second largest cable TV group, has identified "a number of European investors" to buy part of its 90 per cent interest in Southampton Cable of the UK, says Mr Andre Chagnon, chairman and main shareholder.

Mr Chagnon would not indentify the companies. A North American telephone company is also set to take a 15 per cent interest and Videotron's controlling stake will be reduced to about 55 per cent by September.

Videotron, which believes cable can offer greater diversity of programming than satellite television systems, has concentrated its European expansion in Britain because of its less regulated market.

Recently, Videotron exchanged minority interests in cable subsidiaries of Cie Generale des Eaux in France for a 45 per cent interest in Southampton Cable. It already held 45 per cent of that company.

Strong dollar hurts NCR profit

By Karen Zagor

NCR, the US computer maker with particular strength among retailing and financial services customers, has reported a small decline in second quarter income despite an increase in revenues and per-share earnings.

Net income for the three months ended June 30 fell 1.8 per cent to $110.4m from $112.4m while revenues were up 1.4 per cent to $1.58bn from $1.5bn.

Earnings per share rose 4.4 per cent to $1.42 from $1.36, reflecting a buy-back of 2.4m shares in the second quarter. The company has 79.2m shares outstanding.

"NCR achieved revenue growth despite the considerable negative impact of the strengthening US dollar against all major foreign currencies in period-to-period comparisons," said Mr Charles Exley, chairman and chief executive. Foreign markets provide 58 per cent of the Dayton, Ohio company's revenues.

Mr Exley said the international marketing groups, led by Pacific Group, showed revenue gains. However, revenue in the US declined slightly.

The company's worldwide incoming orders posted a gain when expressed in local currency, but when translated into US dollars there was a decline in the latest quarter.

NCR booked record orders for retail terminal systems in the latest quarter, led by strong orders in Japan and major customer business in US markets.

For the first half, net income fell 8.1 per cent to $171.5m from $186.6m, while revenues were flat at $2.78bn. Earnings per share fell 2.7 per cent to $2.17 from $2.23. The company repurchased 3.9m shares in the first half of 1989, leaving 6.1m shares authorised for future purchase under the current programme.

"Current exchange rates will continue to have an adverse effect on our results for the balance of the year. Despite this, modest gains in revenue and earnings per share remain possible.

"We will continue with cost containment measures while increasing spending on new product programmes to capitalise on the market opportunities we foresee in the years ahead," said Mr Exley.

High interest expenses hit WR Grace

W.R. GRACE, the US specialty chemcials group, suffered a decline in second quarter profits but remains optimistic about the full year, AP-DJ reports.

The diversified group which has been restructuring over the past two years saw second quarter net income from continuing operations fall to $44.6m or 52 cents from $58.2m or 68 cents last time.

Sales rose to $1.51bn, against $1.45bn.

At the halfway stage net income from continuing operations declined to $74.9m or 88 cents, compared with $85.9m or $1.01on sales $2.9bn, up from $2.74bn.

The company said the lower quarter results were due primarily to higher interest expense, as well as accruals for stock appreciation rights reflecting an increase in the price of Grace stock. The company said it experienced "level" performances from its operating groups. Mr J. Peter Grace, chairman and chief executive, said: "Despite these lower figures for the quarter, we remain optimistic that full year income will exceed the $2.26 a share reported for 1988."

Grace Specialty Chemicals reported operating income for the quarter of $64m, slightly ahead of earnings in the 1988 second quarter. The strength of the dollar adversely affected the translation of foreign currency earnings.

Also affecting 1989 results were weakness in sales to the automotive and related industries, refinery shutdowns, increased raw material costs and a severe currency devaluation in Argentina.

Most of these factors are not expected to continue over the remainder of the year, the company said.

Second quarter sales for Grace Specialty Chemicals were $822m, a 3 per cent gain over the previous year.

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INTERNATIONAL COMPANIES AND FINANCE

Putting rationalisation to the test

Haig Simonian on the sale of a Landesbank to Hesse savings banks

It may not be the sale of the century, but a plan by the Government in the West German state of Hesse to sell its 50 per cent stake in Hessische Landesbank (Helaba) to the state's savings banks is an offer that even the most cautious banker would find hard to refuse.

For the knockdown price of DM530m ($278.5m), the savings banks are buying the 50 per cent they do not already own in Helaba, Germany's fourth biggest Landesbank and its 11th biggest bank overall, with total assets of almost DM79bn.

Also included in the price is a half share in Hessen-Nassauische Versicherung (HNV), a state-wide life and general insurer, giving the savings banks full control. And separate negotiations could lead to the later purchase of the state's 100-per-cent holding in the Nassauische Sparkasse, a 343-branch savings bank, with total assets of more than DM12bn.

The arithmetic looks even better in detail. Some DM240m of the total is being staggered in DM24m interest-free instalments over 10 years, making a discounted value of DM150m to DM160m.

Only DM265m – half the purchase price – is to be paid up front in a lump sum at the beginning of next year, along with a further DM25m in respect of certain construction projects.

No wonder the Hesse savings banks unanimously accepted the deal when they met in early June. For, with partial operating profits of DM169m last year, 14 per cent down on 1987, the price for Helaba alone is a bargain.

After verging on the brink of bankruptcy in the mid-1970s, it has since veered towards excessive caution. Few other banks of its size can claim to have covered some 70 per cent of their sovereign debt exposure – almost as high a proportion as Deutsche Bank.

According to Mr Werner Auerbach, an official from the Hesse Savings Bank Association, the sale price reflects a discount for the transfer of the state's legal "obligations" as a shareholder, rather than being directly related to Helaba's profitability.

But whatever the economics of the deal, which has to be rubber-stamped by the state parliament later this year, the sale has a far greater significance for public sector banking in Germany than value-for-money factors alone.

Assuming matters go to schedule and the savings banks take full control on January 1, 1990, the new "Hesse financial group" in the making will be the guinea pig for all those looking to rationalise public sector banking in Germany.

The new grouping will bring together the state's 50 savings banks, Helaba, HNV and an existing home finance operation in precisely the sort of state-centred vertical structure being advocated by many bankers as the only solution to the problems of Germany's public sector banks.

The "Hesse solution" is certainly appealing in view of the current popularity of "Allfinanz" – wide-scale financial services under one roof – in Germany. While the country's big private sector banks are now spending millions to acquire or build up banking and insurance operations, the Hesse savings banks have acquired the structure at a stroke.

Helaba will be part of "a financial services group of a type not yet seen in the public sector and only now being assembled in other areas," says a satisfied-looking Mr Herbert Kazmierzak, its chief executive.

But while all the pieces for a broad-ranging financial services conglomerate are there, will it work?

Many bankers think not. "You can have all the bricks, but that doesn't mean you can build a house," says one. Another says: "The pieces are all there, but the problems are only just beginning."

First there are the obvious pitfalls of conflicting interests in any newly assembled conglomerate – a problem familiar from Big Bang London. These are likely to be extreme in the Hesse example, where each constituent will retain its separate identity and independence.

Much more serious, however, is the central problem of overall control and vision. "If there are no clear lines of command, then all the synergies will go to waste, and Helaba, in particular, stands to suffer," says the head of a neighbouring Landesbank.

By contrast, he points to the central role being played by Mr Helmut Gies, the dominating chief executive of the Aachener und Münchener insurance group, in the similar financial services venture it is assembling.

"The push has to come from the top," agrees Mr Hans Peter Linss, the chief executive of Bayerische Landesbank. He, like many senior colleagues, maintains that the expertise in Germany's public sector banking system needs to be centralised in a model more akin to that of the country's big universal banks.

WEST GERMAN PUBLIC SECTOR BANKS: FACING CHALLENGE OF COMPETITION

One Landesbank official notes: "Even Deutsche Bank, which is so often seen as the paragon of German banking, is thinking about changing its decentralised structure in order to clip the wings of its powerful regional head offices and concentrate more resources at headquarters."

Another banker asks: "On paper it looks very good, but the question is, who will give the orders?"

For many, the Hesse solution will not be able to overcome the central problem in public sector banking, namely the failure of the retail savings banks to market fee-earning products sufficiently aggressively.

Thus, many Landesbank heads emphasise that public sector banking in Germany can be effective only if decision-making and resources are concentrated at Landesbank level, from which instructions can then be passed down to the retail bankers in the field.

That is exactly the opposite of what is happening in Hesse, they say. "You need top quality people in charge. That can't be the Sparkassen bosses," claims one Landesbank official.

First to suffer may be Helaba's role as a major wholesale bank, he thinks. "The ownership structure almost certainly means that it is predestined to shrink into just a service bank for the other components in the group."

Moreover, the savings banks will push it harder than ever on charges and conditions.

Such feelings within the Landesbanken may not be untinged by self-interest. But there is no question that it is the Landesbanken, as the eyes and ears of the public sector banking system, which are most exposed to new products and techniques in international finance.

"The Hesse state government has already provided a great service by selling its stake. Now we must wait and see if it can be done," notes one banker.

While the state's savings banks may overcome the difficulties in getting their new group to work together, bankers remain to be convinced.

It will be another three years before West Germany's 584 savings banks meet for their next official gathering. By that time, the structure of Germany's public sector banks may look very different from that of today.

But the issues separating savings banks and Landesbanken remain as divisive as ever. Declining profitability will be the spur, but it remains to be seen whether it will be sharp enough to force the pace of change.

This is the final article on public sector banking in Germany. The first in the series, on the relationship between the Landesbanken and the savings banks, appeared on July 5. The second, on moves to rationalise the state banks, was published on July 11.

Rand Mines' gold losses nearly double

By Jim Jones in Johannesburg

HIGHER COSTS and lower production increased the overall losses of Rand Mines' four operating gold mines during the June quarter despite a small rise in the average rand price of the metal.

The four South African mines as a whole suffered an after-tax loss of R39.2m ($7.7m), an increase of 92 per cent on the March quarter's loss and heightening the prospect of at least one mine closure.

The average cost of mining and processing each tonne of ore rose by 5.4 per cent over the quarter to R138.78, partly due to wage increases granted to white miners. Wage rises won by black workers will show up in the present quarter's operations.

In June, East Rand Proprietary Mines (ERPM), the group's largest lossmaker, arranged a state-backed rescue designed to allow the mine to complete an existing development programme. This programme to open new mining areas is expected to restore profits and allow mining operations to continue well into the next century. However, Mr Clive Knobbs, Rand Mines chairman, warned that continued low gold prices could prejudice the refinanced programme.

Durban Deep, another old mine, had hoped to obtain state backing to tide it over present operating losses. It has made contingency plans to sell its property assets and has sharply reduced its workforce and production rates. These strategies, Mr Knobbs warned last month, do not guarantee the mine's survival.

Blyvooruitzicht, which has a remaining life of little more than five years, decided not to pay a final dividend as the June quarter's taxed profit was insufficient to cover the mine's capital expenditure. Blyvoor is exploiting residual ore in the western part of its property, where grades are low and the rocks are heavily faulted.

The management had hoped for higher gold prices, which would allow some lower-grade reefs to be mined and so extend the mine's life, but at current prices even the richer carbon leader reef is only marginally profitable.

Harmony, the group's largest mine, had hoped to increase gold recovery grades by selectively exploiting richer ore. However, the grade slipped fractionally to 3.04 grams per tonne (g/t) in the June quarter from the March quarter's 3.05 g/t. In June, when ERPM and Durban Deep warned of possible closure, Harmony also cautioned that present gold prices threatened its ability to remain profitable.

RAND MINES GOLD QUARTERLIES

	Gold produced (kg)		After-tax profit (Rm)		Earnings (cents per share)	
	Jun 89	Mar 89	Jun 89	Mar 89	Jun 89	Mar 89
Blyvoor	2,367	2,474	1.2	7.8	(13.2)	14.3
Durban Deep	1,252	1,512	(14.7)	(2.5)	(630.5)	(159.6)
ERPM	1,830	1,925	(25.5)	(27.0)	(153.2)	(178.6)
Harmony	7,054	7,199	8.1	10.8	28.1	12.6

Earnings are given calculated after capital expenditure. Parentheses = negative

Tight margins hit Laws

By Michael Murray in Hong Kong

LAWS International Holdings, the new Bermuda-registered holding company for Hong Kong-based Laws Fashion Knitters, has reported disappointing results for the year to March, with profits after tax and minorities at HK$150.4m (US$19.3m) – a drop of 38.7 per cent.

An extraordinary credit arising from property sales boosted attributable profits to HK$302.9m. Turnover rose 8.3 per cent to HK$1.55bn.

Laws Fashion Knitters, which was listed in early 1987, is one of Hong Kong's biggest garment manufacturers, that has diversified into property and retailing.

The downturn in profits is the result of a squeeze on margins in the Hong Kong garment industry last year, with fashion buyers keeping prices down while labour costs increased.

Laws says that its manufacturing activities will continue to generate steady income, while investment in property will contribute more stable and recurrent income in time.

In coming years, Laws' expansion programme will focus mainly on retailing in the Asia-Pacific and the US, it says.

Laws has completed an arrangement scheme under which its domicile has been switched to Bermuda, with investors now owning shares in Laws International Holdings.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, July 17, 1989. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	61.4741	32.2502	43.4354
Albania	(Lek)	10.01	6.2000	3.2526	4.3807
Algeria	(Dinar)	12.1215	7.5078	3.9387	5.3048
Andorra	(Fr Fr)	10.4375	6.4648	3.3915	4.5678
	(Sp Peseta)	193.15	119.6345	62.7619	84.5295
Angola	(Kwanza)	48.532	30.0600	15.7699	21.2393
Antigua	(E Carr $)	4.3348	2.6849	1.4085	1.8970
Argentina	(Austral)	1049.55 §	650.0774	341.0398	459.3216
Aruba	(Florin)	2.8738	1.7799	0.9338	1.2576
Australia	(Aus $)	2.1253	1.3163	0.6905	0.9301
Austria	(Schilling)	21.675	13.4252	7.0430	9.4857
Azores	(Port Escudo)	258.10	159.8637	83.8667	112.9540
Bahamas	(Bahama $)	1.6145	1	0.5246	0.7065
Bahrain	(Dinar)	0.6049	0.3746	0.1965	0.2647
Balearic Is	(Sp Peseta)	193.15	119.6345	62.7619	84.5295
Bangladesh	(Taka)	49.90	30.9074	16.2144	21.8380
Barbados	(Barb $)	3.2291	2	1.0492	1.4131
Belgium	(Belg Fr)	64.40c	39.8885	20.9260	28.1838
		64.65g	40.0433	21.0073	28.2932
Belize	(B $)	3.211	1.9888	1.0433	1.4052
Benin	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Bermuda	(Bermudian $)	1.6145	1	0.5246	0.7065
Bhutan	(Ngultrum)	26.36	16.3270	8.5653	11.5361
Bolivia	(Boliviano)	4.2385	2.6252	1.3772	1.8549
Botswana	(Pula)	3.275	2.0284	1.0641	1.4332
Brazil	(Cruzado)	2.9420	1.8222	0.9559	1.2875
British Virgin Is	(US $)	1.6145	1	0.5246	0.7065
Brunei	(Brunei $)	3.1558	1.9546	1.0254	1.3810
Bulgaria	(Lev)	1.3580	0.8411	0.4412	0.5943
Burkino Faso	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Burma	(Kyat)	11.1325	6.8953	3.6173	4.8719
Burundi	(Burundi Fr)	251.45	155.7448	81.7059	110.0437
Cameroon	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Canada	(Canadian $)	1.9225	1.1907	0.6246	0.8413
Canary Is	(Sp Peseta)	193.15	119.6345	62.7619	84.5295
Cp. Verde Is	(CV Escudo)	125.7829	77.9092	40.8717	55.0472
Cayman Is	(CI $)	1.3326	0.8253	0.4330	0.5831
Cent.Afr. Rep	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Chad	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Chile	(Chilean Peso)	418.56	259.2505	136.0064	183.1772
China	(Renminbi Yuan)	5.9788	3.7031	1.9427	2.6165
Colombia	(Col Peso)	618.87	383.3199	201.0950	270.8402
Comoro Is	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Congo (Brazz)	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Costa Rica	(Colon)	127.0753	78.7087	41.2917	55.6128
Cuba	(Cuban Peso)	1.2227	0.7573	0.3973	0.5350
Cyprus	(Cyprus £)	0.798	0.4942	0.2593	0.3492
Czechoslovakia	(Koruna)	24.43c	15.1316	7.9382	10.6914
		15.93i	9.8668	5.1762	6.9715
		15.93t	9.8668	5.1762	6.9715
Denmark	(Danish Kroner)	11.9875	7.4248	3.8952	5.2461
Djibouti Rep	(Djib Fr)	292.00	180.8609	94.8822	127.7899
Dominica	(E Carrib $)	4.3348	2.6849	1.4085	1.8970
Dominican Rep	(D Peso)	10.2913	6.3742	3.3440	4.5038
Ecuador	(Sucre)	834.81c	517.0703	271.2623	365.3435
		884.68	547.9541	287.4670	387.1684
Egypt	(Egyptian £)	4.162	2.5778	1.3523	1.8214
El Salvador	(Colon)	8.0425	4.9814	2.6133	3.5196
Eq'l Guinea	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Ethiopia	(Ethiopian Birr)	3.3024	2.0454	1.0730	1.4452
Falkland Is	(Falk £)	1.00	0.6193	0.3249	0.4376
Faroe Is	(Danish Kroner)	11.9875	7.4248	3.8952	5.2461
Fiji Is	(Fiji $)	2.4426	1.5129	0.7936	1.0689
Finland	(Markka)	6.9283	4.2912	2.2512	3.0320
France	(Fr)	10.4375	6.4648	3.3915	4.5678
Fr. Cty/Africa	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Fr. Guiana	(Local Fr)	10.4375	6.4648	3.3915	4.5678
Fr. Pacific Is	(CFP Fr)	194.00	120.1610	63.0381	84.9015
Gabon	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Gambia	(Dalasi)	9.8738	6.1157	3.2083	4.3211
Germany East	(Ostmark)	3.0775	1.9061	1	1.3468
Germany West	(D-Mark)	3.0775	1.9061	1	1.3468
Ghana	(Cedi)	424.41	262.8678	137.9067	185.7137
Gibraltar	(Gib £)	1.00	0.6193	0.3249	0.4376
Greece	(Drachma)	263.15	162.9880	85.5080	115.0306
Greenland	(Danish Krone)	11.9875	7.4248	3.8952	5.2461
Grenada	(E Carr $)	4.3348	2.6849	1.4085	1.8970
Guadaloupe	(Local Fr)	10.4375	6.4648	3.3915	4.5678
Guam	(US $)	1.6145	1	0.5246	0.7065
Guatemala	(Quetzal)	4.8777	3.0211	1.5849	2.1346
Guinea	(Fr)	481.65	298.3276	156.5060	210.7877
Guinea-Bissau	(Peso)	1043.57	646.3734	339.0966	456.7045
Guyana	(Guyanese $)	47.96	29.7057	15.5840	20.9890
Haiti	(Gourde)	8.0725	5.0000	2.6231	3.5131
Honduras	(Lempira)	3.2290	2.0000	1.0492	1.4078
Hong Kong	(HK $)	12.5983	7.7784	4.0806	5.4959
Hungary	(Forint)	96.4595	60.4345	31.7029	43.0894
Iceland	(Icelandic Krona)	93.79	58.0931	30.4765	41.0196
India	(Indian Rupee)	26.36	16.3270	8.5653	11.5361
Indonesia	(Rupiah)	2854.43	1767.9962	927.5158	1249.2035
Iran	(Rial)	117.40	72.7160	38.1478	51.3785
Iraq	(Iraqi Dinar)	0.4993	0.3092	0.1622	0.2185
Irish Rep	(Punt)	1.1535	0.7144	0.3748	0.5048
Israel	(Shekel)	3.1885	1.9749	1.0360	1.3954
Italy	(Lira)	2229.00	1380.6131	724.2891	975.4923
Ivory Coast	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Jamaica	(Jamaican $)	8.641	5.3521	2.8077	3.7816
Japan	(Yen)	228.50	141.5298	74.2485	100
Jordan	(Jordanian Dinar)	0.8923	0.5526	0.2899	0.3905
Kampuchea	(Riel)	161.45	100	52.4614	70.6564
Kenya	(Kenya Shilling)	33.25	20.5946	10.8042	14.5514
Kiribati	(Australian $)	2.1253	1.3163	0.6905	0.9301
Korea North	(Won)	1.5573	0.9645	0.5060	0.6815
Korea South	(Won)	1071.90	663.9207	348.3021	469.1028
Kuwait	(Kuwaiti Dinar)	0.4724	0.2925	0.1535	0.2067
Laos	(New Kip)	883.025	546.9340	286.9293	386.4442
Lebanon	(Lebanese £)	825.91	511.5577	268.3704	361.4485
Lesotho	(Maluti)	4.3790	2.7122	1.4229	1.9164
Liberia	(Liberian $)	1.6145	1	0.5246	0.7065
Libya	(Libyan Dinar)	0.4839	0.2997	0.1572	0.2117
Liechenstein	(Swiss Fr)	2.6600	1.6475	0.8643	1.1641
Luxembourg	(Lux Fr)	64.40	39.8885	20.9260	28.1838
Macao	(Pataca)	12.9448	8.0178	4.2062	5.6651
Madeira	(Port Escudo)	258.10	159.8637	83.8667	112.9540
Malagasy Rep	(MG Fr)	2398.7	1485.7231	779.4313	1049.7592
Malawi	(Kwacha)	4.437	2.7482	1.4417	1.9417
Malaysia	(Ringgit)	4.3230	2.6776	1.4047	1.8919
Maldive Is	(Rufiya)	13.5023	8.3631	4.3874	5.9091
Mali Rep	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Malta	(Maltese £)	0.565	0.3499	0.1835	0.2472
Martinique	(Local Fr)	10.4375	6.4648	3.3915	4.5678
Mauritania	(Ouguiya)	138.2335	85.6200	44.9174	60.4960
Mauritius	(Maur Rupee)	23.95	14.8343	7.7822	10.4814
Mexico	(Mexican Peso)	4037.33a	2500.6689	1311.8862	1766.8840
		3963.98d	2455.2369	1288.0519	1734.7833
Miquelon	(Local Fr)	10.4375	6.4648	3.3915	4.5678
Monaco	(French Fr)	10.4375	6.4648	3.3915	4.5678
Mongolia	(Tugrik)	5.3873	3.3368	1.7505	2.3576
Montserrat	(E Carr $)	4.3348	2.6849	1.4085	1.8970
Morocco	(Dirham)	13.4980	8.3604	4.3860	5.9072
Mozambique	(Metical)	1191.96	738.2842	387.3143	521.6455
Namibia	(S A Rand)	4.3790	2.7122	1.4229	1.9164
Nauru Is	(Australian $)	2.1253	1.3163	0.6905	0.9301
Nepal	(Nepalese Rupee)	38.532	23.8662	12.5205	16.8630
Netherlands	(Guilder)	3.4725	2.1508	1.1283	1.5196
N'nd Antilles	(A/Guilder)	2.8899	1.7899	0.9390	1.2647
New Zealand	(NZ $)	2.8310	1.7534	0.9199	1.2389
Nicaragua	(Cordoba)	32170.0	19925.6735	10453.2900	14078.7746
Niger Rep	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Nigeria	(Naira)	11.158	6.9111	3.6256	4.8831
Norway	(Nor. Krone)	11.3025	7	3.6726	4.9463
Oman	(Rial Omani)	0.6177	0.3825	0.2007	0.2703
Pakistan	(Pak. Rupee)	32.98	20.4273	10.7164	14.4332
Panama	(Balboa)	1.6145	1	0.5246	0.7065
Papua New Guinea	(Kina)	1.4034	0.8692	0.4560	0.6141
Paraguay	(Guarani)	-			
		1898.03	1175.6147	616.7441	830.6477
Peru	(Intl)	-			
		4785.29a	2963.9454	1554.9277	2094.2188
Philippines	(Peso)	33.50	20.7494	10.8854	14.6608
Pitcairn Is	(£ Sterling)	1.00	0.6193	0.3249	0.4376
	(NZ $)	2.8310	1.7534	0.9199	1.2389
Poland	(Zloty)	1342.75	831.6816	436.3119	587.6367
Portugal	(Escudo)	258.10	159.8637	83.8667	112.9540
Puerto Rico	(US $)	1.6145	1	0.5246	0.7065
Qatar	(Riyal)	5.8438	3.6195	1.8988	2.5574
Reunion Is. de la	(F/Fr)	10.4375	6.4648	3.3915	4.5678
Romania	(Leu)	14.781	9.1545	4.8025	6.4682
Rwanda	(Fr)	129.35	80.1176	42.0308	56.6083
St Christopher	(E Carr $)	4.3348	2.6849	1.4085	1.8970
St Helena	(£)	1.00	0.6193	0.3249	0.4376
St Lucia	(E Carr $)	4.3348	2.6849	1.4085	1.8970
St Pierre	(French Fr)	10.4375	6.4648	3.3915	4.5678
St Vincent	(E Carr $)	4.3348	2.6849	1.4085	1.8970
San Marino	(Italian Lira)	2229.00	1380.6131	724.2891	975.4923
Sao Tome	(Dobra)	171.459	106.1994	55.7137	75.0367
Saudi Arabia	(Riyal)	6.0158	3.7261	1.9547	2.6327
Senegal	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Seychelles	(Rupee)	8.95	5.5435	2.9082	3.9168
Sierra Leone	(Leone)	100.5	62.2483	32.6563	43.9824
Singapore	($)	3.1558	1.9546	1.0254	1.3810
Solomon Is	($)	3.7826	2.3428	1.2291	1.6554
Somali Rep	(Shilling)	658.255	407.7144	213.8927	288.0765
South Africa	(Rand)	4.3790c	2.7122	1.4229	1.9164
		6.4003g	3.9642	2.0797	2.8010
Spain	(Peseta)	193.15	119.6345	62.7619	84.5295
Spanish Ports in N Africa	(Sp Peseta)	193.15	119.6345	62.7619	84.5295
Sri Lanka	(Rupee)	55.30	34.2520	17.9691	24.2013
Sudan Rep	(£)	7.2247	4.4748	2.3475	3.1617
Surinam	(Guilder)	2.8658	1.7750	0.9312	1.2541
Swaziland	(Lilangeni)	4.3790	2.7122	1.4229	1.9164
Sweden	(Krona)	10.5075	6.5082	3.4142	4.5984
Switzerland	(Fr)	2.6600	1.6475	0.8643	1.1641
Syria	(£)	33.7155	20.8829	10.9554	14.7551
Taiwan	($)	41.65	25.7974	13.5337	18.2275
Tanzania	(Shilling)	231.50	143.3880	75.2233	101.3129
Thailand	(Baht)	40.90	25.3329	13.2900	17.8993
Togo Rep	(CFA Fr)	521.875	323.2424	169.5775	228.3916
Tonga Is	(Pa Anga)	2.1253	1.3163	0.6905	0.9301
Trinidad/Tobago	($)	6.8234	4.2263	2.2171	2.9861
Tunisia	(Dinar)	1.5448	0.9568	0.5019	0.6760
Turkey	(Lira)	3463.12	2145.0108	1125.3030	1515.5886
Turks & Caicos	(US $)	1.6145	1	0.5246	0.7065
Tuvalu	(Australian $)	2.1253	1.3163	0.6905	0.9301
Uganda	(New Shilling)	322.8127	199.9459	104.8944	141.2747
U A E	(Dirham)	5.8908	3.6486	1.9141	2.5780
United Kingdom	(£)	1.00	0.6193	0.3249	0.4376
United States	(US $)	1.6145	1	0.5246	0.7065
Uruguay	(Peso)	964.30	597.2746	313.3387	422.0131
USSR	(Rouble)	1.0218	0.6328	0.3320	0.4471
Vanuatu	(Vatu)	186.0	115.2059	60.4386	81.4004
Vatican	(Lira)	2229.00	1380.6131	724.2891	975.4923
Venezuela	(Bolivar)	58.8711	36.4639	19.1295	25.7641
		-			
		-			
Vietnam	(Dong)	7224.75	4474.9148	2347.6035	3161.8161
Virgin Is-British	(US $)	1.6145	1	0.5246	0.7065
Virgin Is-US	(US $)	1.6145	1	0.5246	0.7065
Western Samoa	(Tala)	3.723	2.3059	1.2097	1.6293
Yemen	(Rial)	15.20	9.4146	4.9390	6.6520
Yemen PDR	(Dinar)	0.5507	0.3410	0.1789	0.2410
Yugoslavia	(Dinar)	29780.5	18445.6488	9676.8460	13033.0415
Zaire Rep	(Zaire)	578.75	358.4701	188.0584	253.2822
Zambia	(Kwacha)	24.40	15.1130	7.9285	10.6783
Zimbabwe	($)	3.4375	2.1291	1.1169	1.5043

Special Drawing Rights July 14 1989 United Kingdom £1.27285 United States $1.27383 Germany West D Mark 2.40690 Japan Yen177.699 European Currency Unit Rates July 17 1989 United Kingdom £1.48745 United States $1.08441 Germany West D Mark 2.07284 Japan Yen153.443

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (l) Buying rate; (l) Lottery goods; (m) Market rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate; Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 01 634 4360/5. Monday, July 17, 1989. § Argentina: Austral devalued by approx. 53.8% (July 9).

INTERNATIONAL CAPITAL MARKETS

Unsecured loans oversold in wake of bid for BAT

By Norma Cohen

THE HOSTILE £13bn bid for BAT Industries has sent the price of the company's unsecured loan stock down sharply, along with prices of other similar securities for UK corporations as jittery investors shed positions, fearing the credit risk stemming from a break-up of the company.

The stock, which has traded well above par, contains covenants providing for repayment at par in the event of a default.

BAT's near £500m in 12¼ per cent unsecured loan stock due 2003/2008 fell about 2½ points, with the spread over the UK Treasury's 13½ per cent stock due 2004/2008 rising to 185 basis points. However, dealers said that sovereign, supra-national and secured loan stocks remained stable.

Analysts at Greenwell Montagu however, argue that even taking the event risk and credit risk jitters into account, the stock represents good value. The indentures contain covenants which set borrowing limits on BAT. These limit overall debt to 150 per cent of adjusted capital and reserves and so-called priority borrowings to less than 45 per cent.

While such covenants have not been widely exercised since the 1970's by UK corporations, the precedent has been for borrowers to negotiate with the bond Trustee and stockholders.

Greenwell Montagu notes that this has resulted in either an increase in the interest rate on the bonds or repayment at an agreed price.

A stockholders' vote requiring a 75 per cent majority is necessary to sanction any such proposal.

HK setbacks for Bank of China

CHINA'S POLITICAL turmoil has caused big setbacks for the Hong Kong branch of Peking's Bank of China, forcing the group to scale down development plans for the next two or three years, according to Reuters. Bank officials, said the group's business approach would become much more conservative following last month's crackdown in Peking. However, they declined to comment publicly on policies.

Officials said the bank's Hongkong-Macau Regional Office expects the group deposit base and business to drop sharply in the next two to three years.

The Bank of China has been one of Hong Kong's fastest-growing financial institutions since China adopted its open-door economic policy a decade ago. Ambitious expansion has turned the bank into the largest banking organisation in the colony after Hongkong and Shanghai Banking.

The group has doubled its branches and manpower in ten years, and now has 300 branches and 11,000 staff in Hong Kong. In April it had about 22 per cent of Hong Kong's total deposits, which stood at HK$914.5bn ($117.2bn).

But last month's bloodshed in Peking prompted Hong Kong residents to withdraw funds. A bank official said ten to 15 per cent of the group's total deposits were withdrawn in two days after the crackdown in Peking.

"The regional office is reviewing the deposit and lending ratio of the group now. It plans to keep 60 or even 70 per cent of the total deposits and only lend out between 30 and 40 per cent," an official said. The current ratio is closer to 55 to 45 per cent.

"It has also urged its sister banks to absorb more deposits rather than make more loans. It's a very traditional way to run a bank," the official said.

Banking sources in Hong Kong said the group had reined in its housing mortgage business by providing a maximum mortgage of only 64 per cent of the purchase price of a property. One bank official stressed that the group had not lost confidence in Hong Kong. "It just realises that it may face unexpected difficulties before 1997," he said. China regains sovereignty over the British colony in that year.

An official from a US computer company providing equipment to the Bank of China said the bank had pulled out of talks on two deals worth a total of HK$20m (US$2.5m) after the Peking events of last month. A bank official confirmed the banks had withdrawn from the talks.

Wardley, the merchant banking arm of the Hongkong and Shanghai Banking Corp, is to buy from Thomson McKinnon Securities the outstanding 33 per cent shareholding in Wardley-Thomson, the securities and futures brokerage.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on July 17

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
B F.C.E. 7 92	150	96⅛	96⅝	0	+0⅛	8.42
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Canada 6⅜ 91	80	101⅛	101⅝	-0⅛	-0⅛	5.26
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Bankers Trust International; Kredietbank N.V.; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Bank Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring & Pierson; Credit Suisse; Bank of Tokyo International; Chemical Bank International; Citicorp International Bank; Daiwa Europe NV; LTCB International; Robert Fleming & Co; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Merrill Lynch; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Sanwa International; Samuel Montagu & Co.; Societe Generale Strauss Turnbull; Swiss Bank Corporation; UBS-Phillips & Drew; Wellcome Int.; S.G. Warburg Securities; Wood Gundy.

INTERNATIONAL CAPITAL MARKETS

Association of Futures Dealers expels Capcom

By Katharine Campbell

THE ASSOCIATION of Futures Dealers and Brokers yesterday announced the expulsion of Capcom Financial Services, citing in particular its inability to establish the identity of the firm's beneficial owners.

This marks the first time the futures self-regulatory body has expelled a full member.

Capcom, which has been a substantial player in both the cash and futures markets, in London and in the US, had earlier been suspended by a number of London and US futures exchanges as well as by the Association of International Bond Dealers.

The firm's expulsion, which resulted from an AFBD council hearing yesterday, came because it had "fallen short of requirements of the Association as regards proper standards of disclosure and accountability, and the keeping of records, and compliance with best market practice," the association said. Capcom was ordered to pay £400,000 for AFBD costs. The company will not appeal.

Capcom first came to the authorities' attention last year when managing director Mr Syed Ziauddin Ali Akbar was arrested in connection with drug and money laundering charges brought against him in the US. He is still a shareholder of the company.

However, yesterday's expulsion arises directly from information exposed in a recent interim report by the company's accountants Arthur Andersen.

It is understood the AFBD was satisfied that client monies had not been at risk.

However, a change in the ultimate control of the company since the firm was admitted to the AFBD had caused concern, particularly as the current directors had apparently maintained they had not been formally advised of the change, and could not identify the beneficial shareholders.

Capcom's exit from the AFBD means it is no longer authorised to carry on investment business within the UK. The futures exchanges to which it belongs are also likely to expel the firm.

Great Western variable rate note aimed at Asia

By Norma Cohen

GREAT WESTERN Financial Corporation, holding company of a California-based savings and loan, is issuing a four-year $200m variable rate note targeted for placement in Asia.

The company is the first US thrift to raise funds outside the country using the variable rate note structure, according to Merrill Lynch International which is sole underwriter and market maker. The initial margin on the notes is 20 basis points over three-month Libor.

The margin is reset quarterly at a rate to be agreed between Merrill and Great Western. Investors who are not satisfied with the margin on each reset date have the option of putting their notes back to Merrill at par, unless a margin cannot be agreed.

In that case, the alternate margin will be ⅝ per cent, but investors cannot be guaranteed a buyer for their securities at par. The notes are rated A by Standard and Poor's and A-3 by Moody's Investors Service.

● Allied Irish Banks' $250m offering of perpetual variable rate notes launched on Friday has been increased to $400m. The notes have an initial interest margin of ⅝ over Libor and an alternate rate of 1⅛ per cent for the first 10 years.

● Banque Paribas (Suisse) will meet co-managers tomorrow to discuss two Swiss franc bonds it lead-managed for Southmark Corp SM, which filed for reorganisation under Chapter 11 of the US Bankruptcy Code last Friday, Reuter reports.

Treasuries decline on Fed policy confusion

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds suffered modest losses yesterday amid concern that the easing moves already completed by the US Federal Reserve do not justify the current low level of yields.

GOVERNMENT BONDS

At midsession, short-dated bond issues were quoted as much as ⅛ point lower, while the Treasury's benchmark long bond stood ¼ point below Friday's close for a yield of 8.1 per cent.

The dollar gave little overall direction, holding towards the top of its range against the yen but weakening against the D-Mark.

The bond market was digesting last Friday's producer prices figures for June and looking ahead to today's merchandise trade statistics for May and tomorrow's June consumer price index. The Humphrey Hawkins testimony on Thursday will also be watched. Then Mr Alan Greenspan, Fed chairman, will outline his assessment of economic and monetary policy.

The yield curve, measured from three-month bills to the 30-year benchmark long bond, inverted again yesterday morning, with the yield on three-month bills quoted at 8.19 per cent compared with 8.10 on the long bond. The curve had been positive since July 5 and its inversion reflects the Fed's easing being less than many had expected.

The CPI is expected to have risen by around 0.4 per cent last month compared with a 0.6 per cent gain in May, while the trade deficit is forecast at around $9.0bn in May compared with $8.3bn in April.

■ UK GOVERNMENT bonds failed to sustain the day's highs, closing just a quarter of a point firmer after a mixed session and poor liquidity. The September long gilts future finished at 96-02, up ⅛ compared with Friday, but around ½ point off the highs.

A firm start, in anticipation of healthy news regarding consumer spending patterns, was punctuated by the launch of a three year £100m Eurosterling bond on behalf of IBM International Finance.

It was less the deal itself than anticipation of further such issues taking advantage of the market's recent advance that had affected sentiment, said traders. While the spreads of corporate bonds over gilts widened in the aftermath of last week's bid for BAT Industries, dealers expect some correction in the next couple of days.

The market paid scant attention to a fall of 1.8 per cent in June retail sales. Traders have come to view these erratic figures with a degree of suspicion.

■ IN CONTRAST with last week, the West German market was off to a weak start, preoccupied largely with a perceptible strengthening in the dollar and expectation of today's US trade figures.

Prices on federal government bonds were marked down between 20 and 30 pfennigs at the fixings in subdued trading. The federal bond due June 1999 was fixed at 100.50, 25 pfennigs weaker, to yield 6.68 per cent. Some bonds drifted down a further 10 pfennigs during the afternoon.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	109-23	+4/32	10.93	11.09	11.53
		9.750	1/98	97-08	+2/32	10.25	10.44	10.72
		9.000	10/08	97-05	+5/32	9.32	9.46	9.70
US TREASURY *		9.125	5/99	107-05	-3/32	8.04	7.99	8.36
		8.875	2/19	108-20	-1/32	8.10	8.02	8.32
JAPAN	No 111	4.600	6/98	95.8787	-0.350	5.26	5.23	5.40
	No 2	5.700	3/07	105.9727	-0.089	5.06	5.03	6.17
GERMANY		7.000	2/99	102.1000	-0.300	6.68	6.52	6.74
FRANCE	BTAN	8.000	1/94	98.9588	-0.104	8.82	8.85	8.86
	OAT	8.125	5/99	97.0300	-0.070	8.57	8.60	8.85
CANADA *		10.250	12/98	105.8250	-0.075	9.30	9.31	9.44
NETHERLANDS		7.000	3/99	99.7000	-0.100	7.04	7.04	7.10
AUSTRALIA		12.000	7/99	92.3598	+0.102	13.41	13.44	13.85

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal

Technical Data/ATLAS Price Sources

IBM Finance taps Euro-sterling sector for £100m

By Andrew Freeman

WITH IMPECCABLE TIMING, IBM International Finance tapped the Euro-sterling sector and coincided with a buoyant session on the UK government bond market. Secondary market Euro-sterling bonds also had a fine day, rising around ¼ point.

INTERNATIONAL BONDS

Securities with an 11⅞ per cent coupon and was priced at 101.225 to yield 55 basis points over the equivalent gilt-edged security.

Rival syndicate managers expressed their approval as the bonds traded strongly inside 1⅞ per cent underwriting fees, touching less 0.95 bid at best before running into some profit-taking. At the close, the lead manager was quoting the paper around less 1.10 bid. The spread against gilts had tightened significantly.

Demand was strongest from continental investors convinced that UK inflation has peaked and that sterling is undervalued against other currencies. In addition, the borrower's name was welcome after the recent focus by investors on the event risk of bonds for corporate issuers in the light of last week's withdrawal by Credit Suisse First Boston of BAT Industries' dollar-denominated deal.

The IBM £100m three-year deal was brought by Warburg

There was some discussion about the competition for the IBM deal. It is understood that other houses were offering more aggressive terms than those at which the bonds were issued, but that Warburg was mandated on the strength of a fierce sub-Libor funding rate after a swap into floating-rate sterling. A Warburg official refused to speculate on any swap activity.

Elsewhere, the Canadian dollar sector was opened for the first time this month when Bankers Trust launched a successful C$150m issue for the Banque Francaise du Commerce Exterieur (BFCE), the French trade bank. The five-year bonds offered a 10 per cent coupon and were priced at 101⅝ to yield 54 basis points over the equivalent government issue.

The deal was well received and traded at less 1.80 bid, inside underwriting commissions of 1⅞ per cent. Traders said the pricing was sensible and reported good demand from a range of investors. The proceeds were swapped, but a Bankers Trust official was unwilling to elaborate.

J Henry Schroder Wagg was the lead manager of a £175m convertible issue for Land Securities, the UK property company. A previous issue by the same borrower was launched in July 1987.

Yesterday's deal offered an indicated coupon of 9¼-9½ per cent. Unlike the first deal, however, it carried an exchange offer, as well a call option after five years.

In Switzerland yesterday, the Kingdom of Denmark SFr100m 1993 deal with a borrower option to redeem in Swiss francs or US dollars began trading on the secondary market. It was quoted at 101 bid, ⅛ point below its issue price, in moderate turnover.

● Japan's Postal Life Insurance System (Kampo) plans to put more funds into shares through money trusts and foreign bonds and therefore run down its cash holdongs, Reuters reports. Kampo held Y1,080bn in bank deposits at the end of June, up from Y850bn a month earlier.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
IBM Int. Finance(d)◆	100	11⅞	101.225	1992	1⅜/⅞	S.G. Warburg Securities
Land Securities(a)§	175	(9¼-9½)	100	2004	2½/1½	J.Henry Schroder Wagg
CANADIAN DOLLARS						
BFCE(d)◆	150	10	101⅝	1994	1⅞/1¼	Bankers Trust Int.
US DOLLARS						
Great Western Financial(e)‡◆	200	20bp	100	1993	n/a	Merrill Lynch
Sapporo Finance Int.(d)◆	50	8⅞	101.35	1993	1⅝/1⅛	Yamaichi Int. (Europe)
Allied Irish Banks(h)‡◆	400	⅝	100	Undated	n/a	Merrill Lynch
Mitsubishi Rayon Co.(f)♦◆	150	4	100	1993	2¼/1½	Nikko Secs. (Europe)
YEN						
Christiania Bank(b)◆	2bn	(b)	101⅝	1992	1⅝/1⅛	Sanwa Int.
Skopbank(c)◆	2bn	(c)	101⅞	1992	1⅞/1¼	Sanwa Int.
SWISS FRANCS						
Mishima Paper Co.(g)★★§◆	50	Zero	100	1994	n/a	Nikko/J.H.Schroder Bank

★★Private placement. ♦With equity warrants. §Convertible. ‡Variable rate notes. ◆Final terms. a) Non-callable for 5 years. Exchange option 5-10 years into non-convertible 10¾% bond due 2004. b) Launched in two Y1bn tranches. One coupon pays Japanese long-term prime rate (cap 12.8%), other 12.8% minus long term prime rate. c) Launched in two Y1bn tranches. One coupon pays Japanese long-term prime rate (cap 13.1%), other 13.1% minus long-term prime rate. d) Non-callable. e) 20bp over 3-month Libor, then refixed by agreement. f) Coupon cut by ½% from indication. g) Yield to put 3.97% (indication 4.21%). h) Issue increased from $325m(original amount $250m). ⅝ over 3-month Libor.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section.

	Monday July 17 1989							Fri Jul 14	Thu Jul 13	Wed Jul 12	Year ago (approx)
	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1989 to date		Index No.	Index No.	Index No.	Index No.
1 CAPITAL GOODS (206)	984.44	+0.4	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	802.32
2 Building Materials (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	982.52
3 Contracting, Construction (37)	1661.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (55)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (184)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
31 Packaging & Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
32 Publishing & Printing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (34)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
40 OTHER GROUPS (94)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
41 Agencies (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
43 Conglomerates (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
45 Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
47 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
48 Miscellaneous (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (484)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
51 Oil & Gas (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (125)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
69 Property (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (69)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (704)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX	2274.9	+1.2	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

	PRICE INDICES	Mon Jul 17	Day's change %	Fri Jul 14	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Index-Linked					
6	5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Over 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	66	23	17
Corporations, Dominion and Foreign Bonds	5	6	30
Industrials	503	302	793
Financial and Properties	236	105	319
Oils	32	18	43
Plantations	1	2	8
Mines	45	29	101
Others	129	32	98
Totals	1,017	517	1,409

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
130	F.P.	-	162	144	Abbey National 10p	145	-2	L7.7	2.7	7.1	5.9
§110	F.P.	-	116	108	♦Allen	111	+1	L4.2	2.8	5.0	8.6
33	F.P.	-	42	35	§Ambassador Sec. Grp. 5p	41		-	-	-	10.0
165	F.P.	-	213	198	♦Bell (A.H.) 5p	213		L6.0	1.9	3.8	17.0

FIXED INTEREST STOCKS

RIGHTS OFFERS

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on Prospectus or other offical estimates for 1989. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast, annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♀ Issued by tender. ♣ Offered to holders of ordinary shares as a "rights". † Introduction. ¶ Placing price. †† Reintroduction. ♠ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. # Unlisted securities market. ♠ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

● First Dealings Jul 10
● Last Dealings Jul 21
● Last Declarations Oct 12
● For settlement Oct 23

For rate indications see end of London Share Service

Calls in Tuskar Resources, Bass, Oliver Resources, Cowan de Groot, Bennett & Fountain, Blacks Leisure, Arabex, Bear Brand, Ultramar, Dixons, and Norfolk Capital. Put in BAT Industries and doubles in Tuskar and Cadbury-Schweppes.

LONDON TRADED OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*509)	460	50	69	81	1	7	9
	500	15	38	52	7	18	24
	550	-	14	28	-	48	58
Storehouse (*150)	140	12	22	26	2	6½	80
	160	2½	11	14	13	15	18

Tomkins tops expectations with £65.1m

By John Thornhill

TOMKINS, the industrial holding company, lifted pre-tax profits by 38 per cent from £47.09m to £65.11m in the year to April 29.

The result was ahead of most expectations, accounting for a 11p gain in the share price to 286p.

The group, which has been built up from a sleepy nuts and bolts manufacturer into an acquisitive Hanson-style conglomerate, has recently looked as though it would find it difficult to expand further by acquisitions because of an unreceptive stock market. Last summer's £85m rights issue to finance the acquisition of Murray Ohio, for example, was taken up by only 60 per cent of shareholders.

Nevertheless, Mr Gregory Hutchings, chief executive, said yesterday that Tomkins would be able to afford a cash purchase of over £300m as it currently had no gearing and strong cash flow.

But he stressed that although Tomkins was continually looking for acquisitions in the US and the UK it did not see many opportunities at the moment at the right price.

The company, which has interests ranging from Smith & Wesson revolvers to reinforced toe-caps and lawnmowers, increased turnover by 76 per cent to £550.44m (£312.31m).

Murray Ohio, the US lawnmower and bicycle manufacturer which Tomkins bought in August, contributed for the first time on an acquisition-accounting basis.

This purchase was largely responsible for more-than-doubling operating profits from Tomkins' interests in professional, garden and leisure products. The division – which also includes Smith & Wesson, the US firearms manufacturer, and Hayters, the UK mower business – was the strongest contributor, making profits of £36.5m (£10.5m) on turnover of £303.2m (£78.9m).

Murray sells over 1.25m mowers annually and supplies almost one fifth of the US bicycle market of 10 million units. Tomkins said it had already made substantial capital investment in Murray and this would raise manufacturing efficiencies and improve profitability.

Of the other divisions industrial products contributed trading profits of £8.5m (£6.2m) on sales of £54.5m (£49.3m); fluid controls £13.9m (£12.5m) on £79.8m (£72.6m); and services to industry £12.5m (£9m) on £113m (£111.5m).

"We remain confident about Tomkins' ability to outperform and optimistic that the current year will again produce impressive results," Mr Hutchings said.

Earnings per share on a fully-diluted basis grew by 25 per cent to 24.5p (19.58p adjusted). A final dividend of 4.75p brings payments for the year to 6.75p (4.48p adjusted).

See Lex

Anglo lifts its stake in Coalite via block purchase

By Ray Bashford

ANGLO UNITED yesterday increased its holding in Coalite as the £478m takeover battle between the competitors in the fuel distribution business moved into its final stage.

The offer is due to close next Thursday and the scene is set for a close finish with the decisions of about 10 institutional shareholders, which control about 35 per cent of the capital, crucial to the outcome.

Anglo United boosted its shareholding to 8.4 per cent of Coalite's capital through the purchase of a block of shares representing 2.8 per cent of the capital.

The 2.8m shares were purchased at 470p, compared with the cash offer price of 475p which was lifted on July 7 from 425p.

The revised offer also included a cash and share and a share and loan note alternative.

The block is believed to have been purchased from one of Coalite's larger shareholders which has retained part of its investment.

With 100 institutions controlling about 82 per cent of the capital, both companies have concentrated their politicking on institutional presentations.

Before the announcement of Anglo United's share purchase, Mr Eric Varley, Coalite's chairman, again urged shareholders to reject the offer.

"Coalite's share price in the future will be influenced by its strong prospects and sound strategy underpinned by the increased dividend which has been forecast," he said.

Under the heading "Coalite is better than Anglo United", Mr Varley contrasted Coalite's 13 years of increased profits and dividends with Anglo United which "has failed to pay or declare dividends in two out of the last six financial periods because of its erratic record."

UCL cancels its final dividend

Mr Nick Drescher, chairman of UCL Group, told the annual meeting that the board felt it was unable to recommend payment of the final dividend of 3p.

The payment was proposed at the time of the the preliminary results announcement in April.

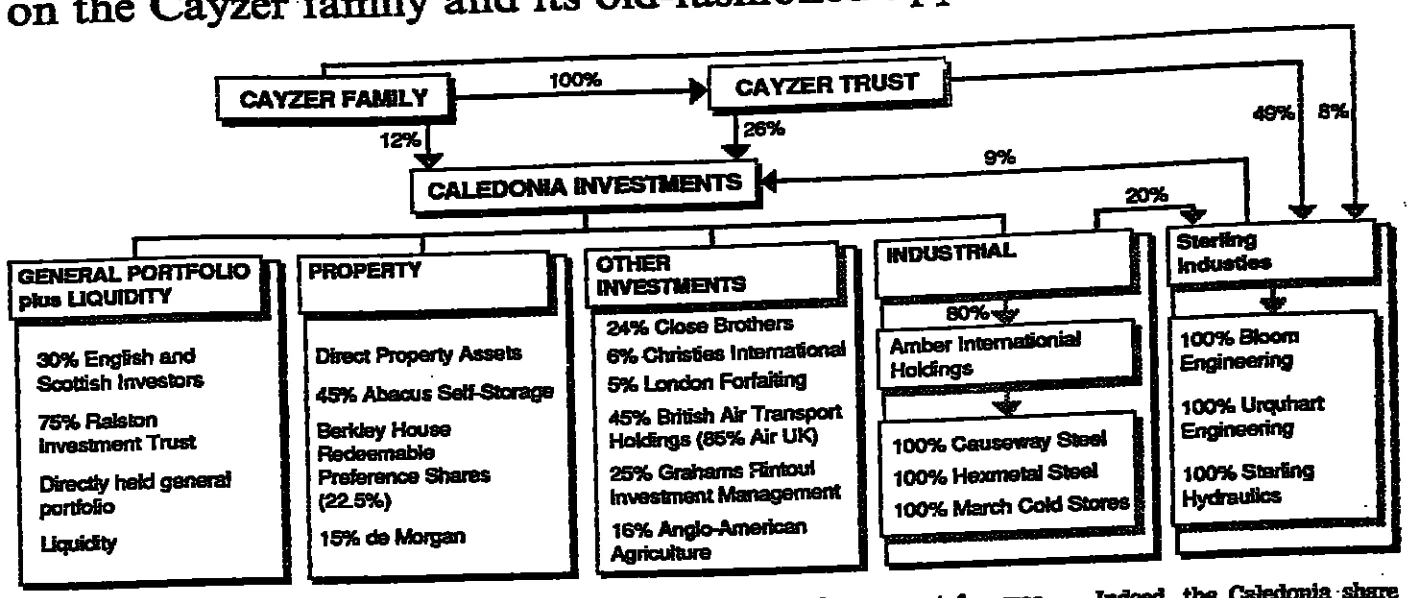
The USM-quoted computer systems supplier, saw profits for 1988 plunge from £1.49m to just £105,000. The downturn, which occurred mainly in the second half, continued in the first few months of the current year.

Mr Drescher said that the company's position had deteriorated and predicted that the coming interim results would show only a small profit before tax and that if trading continued at current levels it was unlikely that the results would be materially different from last year's £105,000.

Turnover last year rose 32 per cent up at £21.36m. A 2p dividend payment on account of 1988 would have been short-earned by 1.4p per 5p share.

Portrait of a long dynasty of gentlemen

Edward Sussman on the Cayzer family and its old-fashioned approach to business



IN THE private dining room of Cayzer House, surrounded by paintings of the old family steamships, Mr Peter Buckley smokes a good cigar and explains why today's takeover battles are "uncivilised".

"All they care about is making their stock go from 10 to 20. They don't give a damn what business they're in," explains the chief executive of Caledonia Investments, the publicly-traded investment group controlled by the Cayzer family. "I'm not saying it isn't important for us to go from 10 to 20, but we have a different philosophy."

But can this "different philosophy" stand the rigours of today's unabashed aggressiveness?

Mr Buckley thinks it can. "It's better to do the whole thing privately, through the boardroom, in a civilised way, instead of in an aggressive, uncivilised way. You can look awfully pedestrian when you see these boys firing away, but, by God, can they crash."

Such is the distinctive strategy borne of more than a century of continuous and vast family wealth. It is currently up against its stiffest test in decades, as Caledonia is faced with the task of reinvesting the £427.5m it pulled out of British & Commonwealth Holdings, the financial services company, two years ago.

By the standard of wealth preservation, Caledonia has been doing fairly well so far, although it is far from performing at the pace to which some in the City have become accustomed. Net asset value has grown just 5 per cent from 499p to 523p since its break from B&C, and its shares performance is slightly below that of the FTSE All-share Index.

For the most part, though, the crucial investment choices have yet to be made.

About 60 per cent of its £500m in net assets remain in cash or B&C preference shares, scheduled to be redeemed in yearly instalments through to 1991. And as long as interest rates remain high, there will not be much pressure on Caledonia to turn away from cash.

"It's in the very early days," says Graham Moyse, who follows Caledonia for Kleinwort Benson. "Investing now is an act of faith in the management." Adds Chris Smith of Barclay de Zoete Wedd: "It's too early to say if it is a success or not. Now it's just a surrogate to cash."

Of course, there is no rush at Caledonia to please the analysts with dramatic action. As the Cayzers are the first to point out, they are investing for the long term. And the long term means something more to a Cayzer than is usual in the City – perhaps three or four generations instead of three or four years.

The family tree and crest, the imposing ancestral portraits, even a privately printed family history, are all taken seriously by the Cayzers, and not just as devices used by an upstart investment house trying to impart an air of tradition.

Equally genuine is the conservative approach to managing money that such symbols imply. Decisions are made cautiously and slowly. Or as Lord Cayzer, 82-year old family patriarch and Caledonia chairman, put it in the most recent annual report: "We do not feel the need to hasten for the sake of doing so."

Until recently, the family was best known as the 49 per cent controlling interest behind B&C. Lord Cayzer served as chairman, Mr Buckley (great-grandson of Sir Charles Cayzer) as deputy chairman. Enter Mr John Gunn, originally brought in by the Cayzers to bolster the B&C management.

It did not take much time for the servant to become master. Mr Gunn dismantled B&C's broadly based interests and transformed B&C into an acquisitive financial services group, at the same time diluting Cayzer family control with the issue of new paper.

Before long, Mr Gunn was chairman and no longer answering to just the Cayzers. "He did a U-turn," says an observer close to the family, suggesting that Mr Gunn kept his intentions from the Cayzers until it was too late for them to change matters.

But in June of 1987, the family signalled it was retaking the initiative. Plans were announced to sell B&C most of the remaining Caledonia interest. The Cayzers would leave the B&C board and transform Caledonia from a 90 per cent B&C shell into an actively managed investment group. "Some people have even gone so far as to suggest that the Cayzer dynasty is at an end – it is not really quite so," asserted Mr Buckley in January 1987, foreshadowing the announcement.

With B&C's shares among the worst performing in London over the past two years, Caledonia's decision to leave B&C seems, with hindsight, to have been a brilliant stroke. "The crash was absolutely on time as far as we were concerned," says the Hon Charles Cayzer, one of three executive directors at Caledonia.

Today at family headquarters – transplanted following the B&C sale from the St Mary's Axe Cayzer House to a low-key, riverside building given the same name – are the registered offices for some 30 corporations linked by a maze of holding companies. Overriding everything is the very private Cayzer Trust, held for the plethora of descendants of Sir Charles Cayzer.

It was Sir Charles who forged the family fortune with the small shipping line he started in 1878, formed after the head of the giant British India Shipping refused to make him a junior partner in a local trading subsidiary. With borrowed money, Sir Charles (then just plain Charles) had six steamers commissioned and formed two companies – Cayzer Irvine & Co and Clan Line Association Steamers.

That division, separating the ships Sir Charles had a personal stake in from those he was merely an agent for, was just the first of many such manoeuvres to shelter the private family purse from public family dealings.

The modern Cayzer manoeuvring is sometimes a good deal more elaborate. For example, in March of 1988 Caledonia sold Urquhart Engineering to Sterling Industries, a public holding company for specialised engineering businesses.

The Cayzers knew Sterling would go for the deal – Caledonia owns 20 per cent of Sterling, the Cayzer Trust 49 per cent and family members another 8 per cent. Sterling, in turn, holds an 8.6 per cent interest in Caledonia, although at the time of the sale that interest was once-removed through a 50 per cent holding in a company called Crewkerne Investments (the balance of whose equity, at the time, was held by the Cayzer Trust).

So complicated are the Cayzer dealings that Mr Buckley jokes that he too sometimes has trouble keeping track of the precise status of the incestuous holdings, although without doubt the current centrepiece is the rejuvenated Caledonia, with about 47 per cent of the company's equity controlled by the family.

This large stake, together with the influence of shareholders close to the Cayzer family and the broad authority which allows Caledonia to repurchase its own shares, makes the group look largely invulnerable to the threat of takeover.

But there is one obvious wrinkle in the Caledonia fold – Sir Ron Brierley, the acquisitive New Zealander, who controls a 10.3 per cent holding through his IEP Securities. That stake has doubled in the past two years and with a market value of about £38m, it is one of Sir Ron's largest UK holdings. IEP would only say that the cash-heavy Caledonia represents "good value".

Indeed, the Caledonia share price is discounted at 30 per cent against the group's conservatively accounted net asset value. It's likely that the break-up price would bring a handsome premium to current shareholders, but that eventuality would require a major rift in the Cayzer family. There is no evidence of this.

Equally unlikely is the chance of the Cayzers again relinquishing extensive control to non-family members. Only one of Caledonia's five top directors (Mr David Kinloch) is not a family member, and he was brought over from B&C to help Caledonia recreate the pre-John Gunn equation.

Aside from this general harkening back to the past, few clear directions are emerging. A 45 per cent stake in British Air Transport, parent company of Air UK, and a 5.1 per cent stake in London Forfaiting, which Mr Buckley chairs, come straight from the old B&C portfolio.

Other Caledonia favourites are small industrial concerns (Ambersil, Causeway Steel, Hexmetal Systems & Services), property (Berkely House, Abacus Self Storage, de Morgan Group) and merchant banking (Close Brothers). Ralston, a 75 per cent-owned investment trust, has been set up to handle smaller stakes.

Just where the rest of the Caledonia cash pile will end up is probably as much of an open question for the Cayzers as anyone else.

Mr Buckley says that no investment area is beyond possibility, and with the Cayzer penchant for the safety sprung from diversity, new ventures are likely to come from many directions. Do not, however, expect any dramatic, ungentlemanly moves. Such would not be in keeping with one of the Caledonia chief executive's favourite mottoes: "The tortoise sometimes gets to the finish line before the hare."

Abbey National issued shares by mistake

By Clare Pearson

Abbey National, the former building society which floated on the stock market last week, said yesterday 19,521 of its members had been issued with two lots of free shares by mistake.

These members were among the 25,000 who had earlier been issued a certificate for their free shares, but not their allotment of the extra shares for which they were invited to apply in the flotation.

Abbey said all people affected would receive letters requesting them to return the second lot of free shares. Any problems arising from the error would be dealt with directly by Lloyds Bank registrar's department.

Abbey's share price eased 2p to 145p yesterday. A wave of selling from members is expected this week.

Berk expansion brings quotation nearer

Berk, an international trader and supplier of speciality chemicals, has acquired KWR Chemicals, previously a member of RTZ's Pillar Building Products Group.

Mr Ieuan Thomas, new chairman of KWR and chief executive of Berk Group, said the merger, along with the two smaller acquisitions made in the last six months, would substantially increase turnover from £35m to around £50m.

Berk, originally known as FW Berk and re-established last year following a £6m management buy-out from Steetley, intends to strengthen its position by further acquisitions. Mr Thomas said he was certain that the strategy could accelerate Berk's timing in seeking a stock market listing.

UK COMPANY NEWS

Maxwell not to buy more De La Rue

By David Waller

SCITEX, the Israeli hi-tech company 27 per cent owned by Mr Robert Maxwell's Mirror Group Newspaper, said yesterday that it has no further plans to acquire any more shares in De La Rue despite falling short of its buying target in a market raid on Friday.

Scitex managed to pick up 8.3m shares in De La Rue – 6.1 per cent of the company – in an exercise which drove the bank-note printer's shares up 50p to 384p on Friday. Through his other interests, Mr Maxwell owns another 15 per cent of De la Rue.

This falls short of the target of 13.6m shares but Mr Maxwell said Scitex had no intention to buy more shares shares pending further developments on the sale of Crosfield Electronics, De La Rue's printing technology subsidiary and a director competitor of Scitex.

Mr Maxwell launched the market raid last week with the complaint that Scitex – a prospective bidder for Crosfield – had not been given the information given to other potential purchasers. De La Rue justified this on the grounds that such information was commercially sensitive.

De La Rue is widely expected to announce the disposal of Crosfield within the near future. Schroders, the merchant bank advising on the disposal, said yesterday that negotiations were progressing smoothly but declined to name the buyer.

Prompted by Mr Maxwell's announcemen, De L a Rue's shares dropped back 28p to 356p.

Norfolk Capital

Norfolk Capital Group, the hotel company, does not intend to make an offer for Parkdale Holdings, the property and leisure group. It was announced on Tuesday that they were in preliminary discussions.

Imry Merchant accepts £314m consortium bid

By Vanessa Houlder

IMRY MERCHANT Developers, the property developer behind the controversial office development at the Shakespearian Rose Theatre, yesterday announced that it had agreed to a £314m takeover bid.

The offer was made by Marketchief, a new company created by a consortium composed of Eagle Star Insurance, P-B Interfunding (UK), merchant banking affiliates of Prudential-Bache, and the Development & Realisation Trust.

Marketchief is offering 650p in cash for each Imry share and 100p in cash for each Imry Convertible Preference share. It is being financed by £100m from its shareholders and the balance by a banking facility from Barclays Bank.

The existing management team under Mr Martin Myers, chief executive and Mr Martin Landau, deputy chairman, will remain in place. Together with Mr Manish Chande, finance director, they will be invited to join the board of Marketchief.

The Development & Realisation Trust, which is headed by Mr Stephan Wingate, is a property holding and development trust company that was established in 1987, with shareholders that include Eagle Star Insurance, Mercury Asset Management, Kleinwort Benson Investment Management and George Soros. It was the lead investor in the consortium that bought Estates Property Investment Company in 1988.

Marketchief owns, has an interest in or has received irrevocable undertakings in respect of 8 per cent of Imry's share capital.

The price is a premium of 21 per cent over Imry's share price of July 5, the day before Imry announced it had received an approach.

The Imry Group, which was formed from the merger of Imry International and City Merchant Developers in March 1988, had net assets of £271m, equivalent to 549.7p per share, on March 31 this year.

Acquisitions limit Evode's rise to 12%

By Clare Pearson

INTERIM PRE-TAX profits at Evode, the plastics and chemicals group, were held back by borrowings to finance acquisitions incurred at this year's higher interest rates. Yesterday, the group announced a 12 per cent advance to £4.48m in the six months to April 30.

At the trading level, profits rose 27 per cent to £5.66m during a period in which the group was involved in a number of changes and developments culminating in the success in May of its £87m all-paper offer for Chamberlain Phipps, the shoe components and adhesives concern.

Mr Andrew Simon, chairman, said about 40 per cent of group sales and earnings were now overseas following the acquisition of Chamberlain Phipps. The group was confident of deriving significant benefits from this purchase next year.

Mr Simon said an economic slowdown had affected a number of UK operations, such as the supply of adhesives and sealants to the DIY trade, during the first half and continued to do so.

The first half saw relocations in the plastics and industrial coatings divisions, affecting the performance of both. Businesses in both the Netherlands and the US were added to the former division, while a New Zealand acquisition was intended to be the nucleus of the latter division's move into Australasia.

The Supra Group's sound deadening materials for the original equipment automotive market were in strong demand, as were powder coatings, part of the industrial coatings division. However, the costs of reorganisation meant this operation saw pre-tax profits fall to £972,000 (£1.13m).

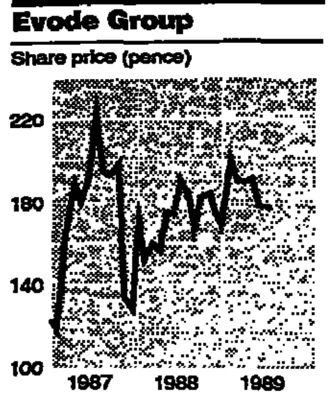
Of the other divisions, adhesives and sealants made £1.11m (£1m), plastics £1.46m (£679,000), Supra £940,000 (£1.21m). There was a £12,000 loss from other operations.

About £12.5m was realised from the sale of land and of the UK automotive after market business of the Supra Group.

After a 29.5 per cent (37 per cent) tax charge, fully-diluted earnings per share came out at 6.67p (6.07p). The interim dividend is 1.62p (1.42p).

● COMMENT

Yesterday's results left Evode's followers feeling somewhat uneasy – especially as they were not furnished with important information such as the size of the reorganisation costs or the contributions from acquisitions. Forecasting the full-year figures, which will include Chamberlain Phipps, seemed more hazardous than ever, but some cut estimates by as much as £1.5m to £13m. This puts the shares on a prospective p/e of 13: given the uncertainties associated with Evode's new, big acquisition, and the state of the UK economy, they will probably continue to drift. Bowater Industries, rival bidder for Chamberlain Phipps, may be wishing it had moved more swiftly to get rid of the stake – over 10 per cent – with which it was left in the enlarged group.



Property disposals boost Cowan de Groot to £2.3m

EXCEPTIONAL GAINS of £1.19m relating mainly to the disposal of freehold premises, helped pre-tax profits at Cowan de Groot, which now describes itself as an industrial holding group, vault to £2.32m, against a restated £193,000.

The results for the year to April 30 1989 showed that turnover fell by £6.39m to £32.54m.

The 1988 figures have been restated to include the realisation of revaluation reserves in the profit for the period rather than as a movement on reserves. Restated exceptional profits last time were £1.33m.

Mr John Carr, who headed the restructuring at the company, was succeeded as chairman in February by Mr Jonathan Samuelson, who acquired a 14.5 per cent stake in the company last December and raised it to 16.7 per cent with the purchase from Mr Carr of a further 400,000 shares.

Mr Samuelson said that three training division companies had been sold in the early part of the year, generating substantial cashflow. Bond Loewenstein & Hecht, the giftware business, had continued to trade unprofitably and was sold in March resulting in a extraordinary loss.

Extraordinary profits totalled £2.09m (£170,000), of which £1.46m (£263,000) was attributable to disposals.

Earnings rose to 5.7p (0.4p) per share; net assets were up to 51p (33.5p) per share.

Directors recommended a final dividend raised 67 per cent to 1.25p (0.75p) for a total of 2.5p (1.5p) for the year. Gearing has been reduced from 30 per cent to 20 per cent.

Referring to prospects, Mr Samuelson said the group was actively considering several acquisition possibilities

Ellis & Everard paying up to £5m for Dimex

Ellis & Everard, the UK's leading independent chemical distributor, has acquired Dimex International, a Solihull -based company which formulates and supplies performance chemicals.

Initial consideration is £2.4m cash with a further consideration of £2.6m to be satisfied in shares dependent upon performance over the 18 months to October 31 1990.

Mr Peter Wood, joint managing director, said the move further demonstrated the company's commitment to build up a substantial presence in the industrial cleaning and maintenance chemicals market.

French stake for Marling

By Edward Sussman

MARLING INDUSTRIES, maker of industrial textiles and safety products, emerged as the buyer of a 22.8 per cent stake in Thomas French, the curtain styling and home improvements company.

Marling has agreed to buy 2.65m shares for £2.9m from 3i, the investment institution. Marling has issued 3i 1.25m new ordinary shares, 4.5 per cent of its share capital, in consideration for the stake. Its shares traded at 219p yesterday. The balance of the consideration will be paid in cash.

In late June, 3i indicated it had found a buyer for the Thomas French stake at 110p per share, against yesterday's 111p. Under a pre-emption agreement, 3i was obliged to offer the stake first to the French family, which already controls 40 per cent of the company.

Marling's subsidiary, Industrias Murtra, also makes curtain styling products. Marling and Thomas French said the two companies anticipate commercial co-operation between the two groups.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Astra Holdings ....fin	2.6‡	-	2.6☆	4.35	4.35☆
Bogod-Pelepah ....fin	0.22	Sept 14	0.22	0.32	0.32
Bogod R/voting ....fin	0.44	Sept 14	0.44	0.64	0.64
Cowan de Groot ....fin	1.25	Oct 2	0.75	2.5	1.5
Evode ....int	1.62†	Sept 22	1.42	-	5.25
Tomkins ....fin	4.75‡	Oct 5	3.15	6.75	4.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡Proposed scrip alternative. ☆Adjusted for share consolidation.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below, are based mainly on last year's timetables.

TODAY

Interims- Cityvision, Hodgson, Leslie Wise, Microgen, Securiguard.

Finals- Brassway, Clarke Hooper, Colefax & Fowler, Hampson, Harris (Philip), Helton Holdings, Raglan Property Trust, Rush & Tompkins.

FUTURE DATES

Interims-

AMS	July 25
Allied Textile	July 24
Automated Security	July 26
Cadbury Schweppes	Aug. 31
Cardiff Property	July 20
Citivision	July 18
Clifford Foods	Sept 26
Davenport Vernon	July 20
Denmans Electrical	July 20
Drayton Far Eastern	July 19
Edinburgh Oil & Gas	Aug. 7
Electronic Machine	July 20
Lloyds Abbey Life	July 27
Manley	Aug. 24
Murray Intl	Aug. 31
River & Mercantile	July 20
STC	July 25
Simon Engineering	Aug. 9
Unilever	Aug. 11
Yorkshire Chemicals	Aug. 2

Finals-

Banks (Sidney)	July 27
Black Arrow	July 20
Dyson (J&J)	July 26
Evans of Leeds	Aug. 15
Ewart	July 25
Goode Durrant	July 24
Heritage	July 21
Independent Inv	July 25
Mid Wynd	Aug. 3
Property Trust	July 24
Rush & Tompkins	July 18
Smith (David)	July 26
Sommerville (Wm)	Aug. 2
Victoria Carpet	July 20

ABBEY NATIONAL

NOTICE

to the holders of those of the
£250,000,000 FLOATING RATE NOTES 2000,
£200,000,000 FLOATING RATE NOTES 1993,
U.S.$200,000,000 7¾ PER CENT. NOTES DUE FEBRUARY, 1992,
U.S.$54,560,000 VARIABLE COUPON NOTES DUE 1992,
£50,000,000 10¼ PER CENT. BONDS DUE 1993,
U.S.$150,000,000 8⅝ PER CENT. BONDS DUE 1993,
CANADIAN $75,000,000 10¼ PER CENT. BONDS DUE 1993,
¥15,000,000,000 5¼ PER CENT. BONDS DUE 1993,
U.S.$200,000,000 9¼ PER CENT. NOTES DUE 1993,
FF800,000,000 9¼ PER CENT. BONDS DUE 1993,
£100,000,000 11¾ PER CENT. NOTES DUE 1993,
U.S.$200,000,000 9¼ PER CENT. NOTES DUE 1994,
¥20,000,000,000 5¼ PER CENT. BONDS DUE 1994,
¥13,000,000,000 FLOATING RATE NOTES DUE 1994,
U.S.$75,000,000 10¼ PER CENT. NOTES DUE 1994 and
£200,000,000 FLOATING RATE NOTES DUE 1990
presently outstanding
(together, the "ANTS Notes and Bonds")
formerly of
ABBEY NATIONAL BUILDING SOCIETY
(the "Society")
but now of
ABBEY NATIONAL TREASURY SERVICES plc ("ANTS")
and of those of the
£100,000,000 10¼ PER CENT. BONDS 1998
presently outstanding
(the "1998 Bonds")
formerly of the Society but now of
ABBEY NATIONAL plc ("PLC")

constituted by Trust Deeds (the "Trust Deeds"), of which the principal is dated 15th October, 1985, all made between (inter alios) the Society and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as Trustee for the holders of the ANTS Notes and Bonds and the 1998 Bonds.

NOTICE IS HEREBY GIVEN TO THE HOLDERS OF THE ANTS NOTES AND BONDS AND THE 1998 BONDS THAT:—

(i) the transfer of the business of the Society to PLC, its successor pursuant to Section 97 of the Building Societies Act 1986, was implemented with effect on and from 12th July, 1989 (the "vesting date");

(ii) implementation of such transfer did not result in the occurrence of any potential event of default under any series of the ANTS Notes and Bonds or the 1998 Bonds, in the case of the £250,000,000 Floating Rate Notes 2000 and the £200,000,000 Floating Rate Notes 1993 by reason of the modifications to the relevant Trust Deeds referred to in the Notice addressed to the holders of such Notes and published in the Financial Times on 27th February, 1989;

(iii) in connection with the implementation of such transfer, the Society, PLC and ANTS requested the Trustee to exercise its powers under the Terms and Conditions of the ANTS Notes and Bonds (but not the 1998 Bonds) and the relevant Trust Deeds to agree to the substitution in place of the Society of ANTS as the principal debtor in respect of the ANTS Notes and Bonds and the interest coupons appertaining thereto and under the relevant Trust Deeds on the basis that PLC would guarantee the obligations of ANTS thereby incurred;

(iv) the Trustee, being of the opinion that such substitution and guarantee referred to in (iii) above are not materially prejudicial to the interests of the holders of the ANTS Notes and Bonds, has concurred in the implementation of such substitution and such guarantee, in each case with effect on and from the vesting date and accordingly the Society has ceased to have any obligations in respect of the ANTS Notes and Bonds;

(v) such substitution has been implemented by, and such guarantee has been given in, the Nineteenth Supplemental Trust Deed dated 10th July, 1989 made between the Society, ANTS, PLC and the Trustee, which Deed also effects certain necessary modifications to the Trust Deeds constituting both the ANTS Notes and Bonds and the 1998 Bonds consequent upon the implementation of such transfer; and

(vi) as a result of the operation of the relevant provisions of the Building Societies Act 1986, the principal debtor under the 1998 Bonds with effect on and from the vesting date is PLC and the Society has ceased to have any obligations in respect thereof.

The ANTS Notes and Bonds and the 1998 Bonds remain listed on the same stock exchanges as those on which they were listed prior to the vesting date but, with effect on and from such date, as securities of ANTS and PLC respectively. Those of the ANTS Notes and Bonds which are listed on the Luxembourg Stock Exchange will, with effect on and from such date, be listed under the denomination of the Society followed by the denomination of ANTS. The definitive ANTS Notes and Bonds and 1998 Bonds and relative interest coupons now in issue will remain valid, but as obligations of ANTS or PLC, as the case may be, and accordingly will not be called in for replacement.

Copies of the Trust Deeds, including the Nineteenth Supplemental Trust Deed referred to in (v) above are available for inspection and copies of the Terms and Conditions of each series of the ANTS Notes and Bonds as modified to reflect the substitution of ANTS in place of the Society as principal debtor and the guarantee of PLC and of the 1998 Bonds as modified to reflect the statutory substitution of PLC in place of the Society as principal debtor will on and from 31st July, 1989 be available for inspection and collection, in each case, at the specified office of each of the Paying Agents for the relevant series of the ANTS Notes and Bonds and the 1998 Bonds.

Dated 17th July, 1989. Issued by:
ABBEY NATIONAL plc
and
ABBEY NATIONAL TREASURY SERVICES plc.

ABBEY NATIONAL

NOTICE

to the holders of those of the
£200,000,000 11 PER CENT. BONDS DUE 1999
and
ECU 75,000,000 9 PER CENT. NOTES DUE 1992
presently outstanding
(together, the "ANTS Notes and Bonds")
formerly of
ABBEY NATIONAL BUILDING SOCIETY
(the "Society")
but now of
ABBEY NATIONAL TREASURY SERVICES plc
("ANTS").

constituted by Trust Deeds (the "Trust Deeds"), of which the principal is dated 4th May, 1989, each made between the Society, ANTS, Abbey National plc ("PLC") and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as Trustee for the holders of the ANTS Notes and Bonds.

NOTICE IS HEREBY GIVEN TO THE HOLDERS OF THE ANTS NOTES AND BONDS THAT:—

1. the transfer of the business of the Society to PLC, its successor pursuant to Section 97 of the Building Societies Act 1986, was implemented with effect on and from 12th July, 1989 (the "vesting date");
2. implementation of such transfer did not result in the occurrence of any potential event of default under any series of the ANTS Notes and Bonds; and
3. pursuant to the terms of the Trust Deeds, with effect on and from the vesting date, ANTS was automatically substituted as principal debtor in place of the Society in respect of the ANTS Notes and Bonds and the interest coupons appertaining thereto, the obligations of ANTS thereby incurred were guaranteed by PLC and certain modifications to the Trust Deeds consequent upon such substitution and guarantee were effected and accordingly the Society has ceased to have any obligations in respect of the ANTS Notes and Bonds.

The ANTS Notes and Bonds remain listed on the same stock exchanges as those on which they were listed prior to the vesting date but, with effect on and from such date, as securities of ANTS. The ECU 75,000,000 9 per cent. Notes due 1992 (which are listed on the Luxembourg Stock Exchange) will, with effect on and from such date, be listed under the denomination of the Society followed by the denomination of ANTS. The definitive ANTS Notes and Bonds and relative interest coupons now in issue will remain valid, but as obligations of ANTS and accordingly will not be called in for replacement.

Copies of the Trust Deeds are available for inspection and copies of the Terms and Conditions of each series of the ANTS Notes and Bonds as modified to reflect the substitution of ANTS in place of the Society as principal debtor and the guarantee of PLC will on and from 31st July, 1989 be available for inspection and collection, in each case, at the specified office of each of the Paying Agents for the relevant series of the ANTS Notes and Bonds.

Dated 17th July, 1989. Issued by:
ABBEY NATIONAL plc
and
ABBEY NATIONAL TREASURY SERVICES plc.

UK COMPANY NEWS

Astra hits £9.5m and makes £36m cash call

By Clare Pearson

ASTRA HOLDINGS, munitions and fireworks manufacturer, yesterday announced a £36m one-for-two rights issue, mainly to fund the £24.64m purchase of PRB, a Belgian ammunition components and propellants company.

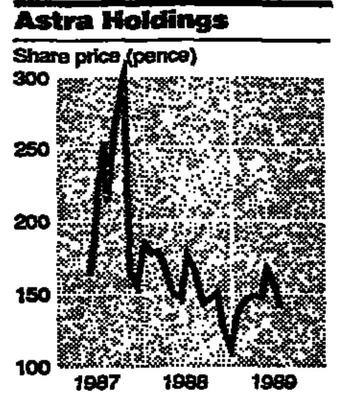
At the same time, Astra unveiled pre-tax profits for the year to end-March of £9.5m (£6.2m) scored on turnover of £96.2m (£46.14m). The shares fell 2p to 139p yesterday. The rights issue price is 120p.

Mr Gerald James, chairman, said the purchase of PRB was being made in anticipation of the single European market and it would also take Astra into large calibre ammunition. The purchase follows the acquisition of British Manufacture and Research Company, a Lincolnshire munitions factory, in May 1988 and two North American purchases made in 1987.

The benefits of BMARC's tax losses cut the tax charge to 15 per cent (42 per cent). Earnings per share, adjusted for share consolidation, were 14.7p (11.9p). The proposed final dividend is 2.6p, making an unchanged 4.35p for the year.

PRB, part of a subsidiary of Societe Generale de Belgique, has five plants in Belgium and a Canadian operation. After two years of losses, it is expected to make an operating profit in 1989. Its net assets stand at about £39m.

Astra Holdings



Astra is paying £1m on completion and £18.23m in repayment of inter-company debt. About £2.3m in loans will be repaid in 1991, subject to PRB meeting certain earnings targets, and further debts of £3.1m will be repaid following completion.

BMARC, renamed Astra Defence Systems, was turned around during the year. But Astra Pyrotechnics, almost entirely a fireworks company with the transfer of the military side elsewhere, fell into losses after the DTI said one of its fireworks was unsafe just prior to November 5.

The North American group was described as performing satisfactorily although some delays were experienced on certain contracts.

Further losses at Cambrian offshoot

By Richard Waters

CAMBRIAN & General Securities, the investment trust which was formerly a vehicle of convicted insider dealer Mr Ivan Boesky and which counts the US Securities and Exchange Commission as a minority shareholder, yesterday reported continuing losses in its securities dealing subsidiary.

The subsidiary, Bermudian-based Farnsworth and Hastings, lost £1.6m in the six months to March 31 1989 compared with the £2.9m loss it incurred a year earlier as a result of the stock market crash.

However, a dividend of £2.7m (nil) received during the latest period in respect of Farnsworth's 1987 profits, helped boost Cambrian's revenue.

At the pre-tax level revenue from ordinary activities was £2.3m (£1.3m) and earnings per ordinary share were 6.6p (1.6p).

The group's net asset value at March 31 was virtually unchanged from the figure reported in January, during Cambrian's unsuccessful attempt to fight off a bid from US group Leucadia National Corporation.

The asset figure worked through at 142.83p for each ordinary share and 188.99p for each capital share (compared with 142.35p and 190.63 respectively at the time of the takeover, and 130.68p and 176.57p a year ago).

The SEC received its 23 per cent stake in Cambrian as part of a $100m settlement with Mr Boesky in 1986.

Tony Andrews

Lord King (left) and Sir Colin Marshall, respectively chairman and chief executive of British Airways. Sir Colin said after the meeting that a fifth terminal was essential at Heathrow to help ensure it had a capacity of up to 70m passengers a year by the turn of the century, double its current capacity. British Airways would like to have sole use of a fifth terminal.

Nu-Swift quote questioned

By Edward Sussman

THE STOCK Exchange is to consider whether Nu-Swift, which last week agreed to sell its French fire protection interests for £214m, is effectively a "cash company" and therefore not entitled to a listing.

Nu-Swift asked to have its listing temporarily suspended last week after it announced an agreement to sell its 88.5 per cent stake in Compagnie Centrale Sicli to Newco, a highly leveraged new company created by LBO France, a managed fund group, Bankers Trust and Wasserstein Perella, the US corporate finance house. Sicli's £23.2m in operating profit for 1988 accounted for about 71 per cent of Nu-Swifts' operating profit.

Under Stock Exchange rules, a company whose assets consist substantially of cash, excluding investment companies, cannot be listed "until such time as the company has a business which is able to satisfy the Committee's normal requirements for listing."

Nu Swift said yesterday that it intends to press to have its listing restored immediately following an EGM to ratify the Sicli sale. No date for the meeting has been set but Mr Jean-Christophe Pillois, group finance director, said he expects it will be in about a month's time.

Nu Swift argues that its HP Cleaning subsidiary, a US building maintenance company that it will buy from Newco for £62m, its UK fire extinguisher operations and its 34 per cent stake in Newco, satisfy Stock Exchange requirements that it not be a cash company.

The company has said that it intends to redirect much of its cash assets into service-related industries, although it has not specified what sector it will focus on. Mr Pillois said yesterday more cleaning operations along the lines of HPC are a possibility, but other options are also being considered.

Mr Michael Stoddard, company secretary, said keeping Nu-Swift suspended would hurt minority shareholders who would be unable to trade their shares. Nu Swift is 58-per cent owned by Mr Jacques Murray, its French chairman. ADT, the services group headed by Mr Michael Ashcroft, holds a 20 per cent stake in Nu-Swift.

Hunter Murray lifts stake

By Edward Sussman

HUNTER MURRAY, corporate financier, boosted its stake in options for Windsor, the insurance broker, from 14.74 per cent to 23.36 per cent.

Mr Roy Schneider, Hunter Murray co-founder, said no bid for Windsor was expected at this time adding that the company intended to build its stake to 29 per cent, the maximum level before a bid must be made. The 15-month options acquired so far have been at 55p per share, against yesterday's market close of 47p. Voting rights for the attached shares belong to Hunter Murray.

While Mr Schneider said Hunter Murray intended to offer "constructive support" to the management of Windsor, he criticised the insurance brokers for turning in a poor performance.

Windsor, which has made a number of acquisitions in the past few years, incurred a £103,000 loss before tax in the year to the end of September 1988. In the half year to March 31 1989 Windsor made a pre-tax profit of £100,000.

Mr Schneider said disgruntled shareholders in Windsor had asked Hunter Murray to acquire options. Hunter Murray said it believed it is now controlled the largest stake in Windsor.

Windsor could not be reached for comment.

Dawson buys US dyer for £5.9m

Dawson International, the Scottish textile group, has acquired Jefferies Associates, a US commission dyer, for $9.5m (£5.9m).

Dawson said the acquisition fitted in with its planned expansion of Dawson Consumer Products, formerly known as Consumer Products Group. CPG was acquired in December 1988 for $149.1m.

Jefferies' surplus capacity will be used by the consumer products company, maker of sportswear and underwear.

GOLD MINING COMPANY REPORTS

RAND MINES

For the quarter ended 30th June 1989

Member of the Barlow Rand Group

Office of the Secretaries of the undermentioned companies in the United Kingdom: 40 Holborn Viaduct, London EC1P 1AJ

Harmony Gold Mining Company Limited

(Incorporated in the Republic of South Africa)
Registration No. 05/38232/06
ISSUED CAPITAL: R13 442 325 IN 26 884 650 SHARES

OPERATING RESULTS	Quarter ended 30.06.1989	Quarter ended 31.03.1989
Ore milled (t)	2 319 000	2 360 000
Gold—produced (kg)	7 054	7 199
—yield (g/t)	3.04	3.05
Uranium oxide purchased (kg)	—	(4 659)
Total revenue (R/t milled)	97.93	99.71
Total cost (R/t milled)	95.36	96.28
Total profit (R/t milled)	2.57	3.43
Gold price received (R/kg)	32 194	31 340
FINANCIAL RESULTS (R000's)		
Revenue—gold and silver	227 093	225 617
—uranium, pyrite and sulphuric acid	—	9 707
Total revenue	227 098	235 324
Cost	221 142	227 228
Working profit	5 956	8 096
Sundry revenue	4 291	4 643
Profit before taxation and State's share of profit	10 247	12 739
Taxation and State's share of profit	1 119	1 973
Profit after taxation and State's share of profit	9 128	10 766
Capital expenditure	16 156	7 369
Dividend declared	—	16 131

CAPITAL EXPENDITURE
There are commitments for capital expenditure amounting to R5.1 million. Capital expenditure for the financial year ending 30 June 1990 is provisionally estimated at R32.3 million and will be reported on in more detail in the annual financial statements.

COSTS
Costs for the June quarter reflect the full effects of the increases in officials' salaries and skilled wages.

For and on behalf of the board.
C. G. KNOBBS (Chairman)
M. A. WATSON (Managing Director) } Directors

12 July, 1989

Blyvooruitzicht Gold Mining Company, Limited

(Incorporated in the Republic of South Africa)
Registration No. 05/09743/06
ISSUED CAPITAL: R6 000 000 IN 24 000 000 SHARES

OPERATING RESULTS	Quarter ended 30.06.1989	Quarter ended 31.03.1989
Ore milled (t)	539 000	571 000
Gold produced (kg)	2 357.4	2 473.8
Yield (g/t)	4.38	4.33
Revenue (R/t milled)	142.08	135.70
Cost (R/t milled)	140.38	124.52
Profit (R/t milled)	1.70	11.18
Gold price received (R/kg)	32 343	31 321
FINANCIAL RESULTS (R000's)		
Revenue	76 570	77 482
Cost	75 655	71 089
Working profit	915	6 393
Sundry revenue—net	813	1 120
Profit before taxation and State's share of profit	1 728	7 503
Taxation and State's share of profit/(reversal)	491	(338)
Profit after taxation and State's share of profit	1 237	7 841
Capital expenditure	4 405	4 421

DIVIDEND
No final dividend was declared.

CAPITAL EXPENDITURE
There are commitments for capital expenditure amounting to R1.3 million. Capital expenditure for the financial year ending 30 June 1990 is provisionally estimated at R14.0 million and will be reported on in more detail in the annual financial statements.

TRIBUTE AGREEMENT WITH DRIEFONTEIN CONSOLIDATED LIMITED
In terms of a tribute agreement between Driefontein Consolidated Limited and this company concluded on 28 July 1984, a share of profits amounting to R424 000 is due to that company for the quarter ended 30 June 1989. This amount has been taken into account in determining "Sundry revenue — net".

COSTS
Costs for the June quarter reflect the full effects of the increases in officials salaries and skilled wages.

For and on behalf of the board,
C. G. KNOBBS (Chairman)
H. G. MOSENTHAL (Managing Director) } Directors

12 July, 1989

Durban Roodepoort Deep, Limited

(Incorporated in the Republic of South Africa)
Registration No. 01/02826/06
ISSUED CAPITAL: R2 325 000 IN 2 325 000 SHARES

OPERATING RESULTS	Quarter ended 30.06.1989	Quarter ended 31.03.1989	Six months ended 30.06.1989
Underground operations			
Ore milled (t)	415 000	456 000	[illegible]
Gold produced (kg)	[illegible]	[illegible]	[illegible]
Yield (g/t)	[illegible]	[illegible]	[illegible]
Revenue (R/t milled)	[illegible]	[illegible]	[illegible]
Cost (R/t milled)	[illegible]	[illegible]	[illegible]
Loss (R/t milled)	33.84	8.86	[illegible]
Sand treatment			
Sand treated (t)	114 000	74 000	188 000
Gold produced (kg)	[illegible]	[illegible]	[illegible]
Yield (g/t)	[illegible]	[illegible]	[illegible]
Revenue (R/t treated)	[illegible]	[illegible]	[illegible]
Cost (R/t treated)	[illegible]	[illegible]	[illegible]
Profit (R/t treated)	[illegible]	[illegible]	[illegible]
Gold price received (R/kg)	[illegible]	[illegible]	[illegible]
FINANCIAL RESULTS (R000's)			
Revenue	[illegible]	[illegible]	[illegible]
Cost	[illegible]	[illegible]	[illegible]
Working loss	13 729	2 583	16 312
Sundry expenditure (revenue)—net	[illegible]	[illegible]	[illegible]
Loss before taxation and State's share of profit	13 885	2 518	16 404
Taxation and State's share of profit	[illegible]	[illegible]	[illegible]
Loss after taxation and State's share of profit	13 885	2 519	16 404
Capital expenditure	775	1 192	1 967

CURTAILMENT OF UNDERGROUND MINING OPERATIONS
[illegible]

SAND TREATMENT PLANT
[illegible]

GOLD HEDGING
[illegible]

CAPITAL EXPENDITURE
[illegible]

For and on behalf of the board,
C. G. KNOBBS (Chairman)
E. B. CROCKER (Managing Director) } Directors

12 July, 1989

East Rand Proprietary Mines, Limited

(Incorporated in the Republic of South Africa)
Registration No. 01/00770/06
ISSUED CAPITAL: [illegible] VARIABLE RATE CUMULATIVE REDEEMABLE PREFERENCE SHARES

OPERATING RESULTS	Quarter ended 30.06.1989	Quarter ended 31.03.1989	Six months ended 30.06.1989
Underground operations			
Ore milled (t)	[illegible]	[illegible]	[illegible]
Gold produced (kg)	[illegible]	[illegible]	[illegible]
Yield (g/t)	[illegible]	[illegible]	[illegible]
Revenue (R/t milled)	[illegible]	[illegible]	[illegible]
Cost (R/t milled)	[illegible]	[illegible]	[illegible]
Loss (R/t milled)	[illegible]	[illegible]	[illegible]
Sand treatment			
Sand treated (t)	[illegible]	[illegible]	[illegible]
Gold produced (kg)	[illegible]	[illegible]	[illegible]
Yield (g/t)	[illegible]	[illegible]	[illegible]
Revenue (R/t treated)	[illegible]	[illegible]	[illegible]
Cost (R/t treated)	[illegible]	[illegible]	[illegible]
Profit (R/t treated)	[illegible]	[illegible]	[illegible]
Gold price received (R/kg)	[illegible]	[illegible]	[illegible]
FINANCIAL RESULTS (R000's)			
Revenue	[illegible]	[illegible]	[illegible]
Cost	[illegible]	[illegible]	[illegible]
Working loss	12 487	22 886	[illegible]
Sundry expenditure—net	[illegible]	[illegible]	[illegible]
Loss before taxation and State's share of profit	17 330	26 968	44 278
Taxation and State's share of profit	[illegible]	[illegible]	[illegible]
Loss after taxation and State's share of profit	17 330	26 968	44 278
Capital expenditure	6 166	2 746	[illegible]

BORROWINGS
[illegible]

CONTINUATION OF MINING OPERATIONS
[illegible]

CAPITAL EXPENDITURE
[illegible]

For and on behalf of the board,
C. G. KNOBBS (Chairman)
E. H. J. BIOVELL (Managing Director) } Directors

12 July, 1989

GENERAL NOTES
1. All financial figures are subject to audit.
2. GOLD MINES
Operating Results
There were 89 milling days in the quarter compared with 91 in the preceding quarter.
3. The issued capital value for East Rand Proprietary Mines, Limited includes share premiums.

UK COMPANY NEWS

Losses accumulate at Moss Trust

By Vanessa Houlder

MONTHS OF uncertainty over the financial health of Moss Trust, a USM-quoted advertising agency, culminated yesterday in the announcement of revised figures for the year to August 31, which transformed the previously stated pre-tax profit of £307,000 into a pre-tax loss of £968,000.

It also announced a pre-tax loss of £1.58m for the seven months to March 31 1989. Furthermore, the company said it planned to change its name to ATP Communications, to reflect a major restructuring exercise undertaken in the last few months.

Mr John Cooper, the acting chairman, said the "unfortunate" results were the consequence of a too rapid build up, both operationally and geographically, of a group which had inadequate management resources. The group expanded from five subsidiaries to 29 by the end of 1988.

The review of the accounts was undertaken following an investigation in February by Peat Marwick McLintock which highlighted a controversial accounting treatment in last year's figures.

About half the losses for the year to August 1988 resulted from promotional tours in the US where costs sharply exceeded expectations. Much of the remainder of the losses stemmed from bad debt provisions, previously unrecorded liabilities and a write-down of assets.

There was also an extraordinary charge of £219,000 from development, closure and relocation costs. Furthermore, some costs previously classed as deferred project expenditure have been written off. As a result, distributable reserves at August 31 were eliminated and the proposed final dividend has been cancelled.

In the seven months to March 31, the company incurred heavy losses principally due to high overheads and lack of profitable business. It was also affected by a sharp rise in administrative expenses from £2.07m in the year to August 1987 to £3.73m in the seven months to March 31.

The auditors' report on the seven months to March 31, stated that certain subsidiaries did not maintain proper accounting records throughout the period as required by the Companies Act, although these deficiencies have since been largely rectified.

Since April the group had sold or closed its loss-making subsidiaries. The disposal programme will reduce group borrowings from £3.6m at March 31 to £1m and will increase net assets from £0.5m to £1.3m once the disposals are completed.

The continuing businesses, which contributed £173,000 to operating profit before central costs in the seven months to March 31, made a promising start to the new financial year, the group said. However, it would inevitably be some time before the group eliminated its accumulated losses and resumed dividend payments, it warned.

The suspension of the shares, which were frozen at 35p in March, will be lifted once the revised figures have been received by shareholders in a few days time.

Mr Cooper will step down at the forthcoming annual meeting after which Mr Andrew Thirkill will be appointed acting chairman.

Mr Thirkill, who founded the ATP agency which was sold to Moss Trust last August, became chief executive in March.

Moss Trust made a loss per share of 17.1p in the year to August 31 and a loss of 15.2p in the seven months to March 31, compared with a profit of 2.07p in the year to August 31.

Forwell obtains USM quote

FORWELL GROUP is joining the Unlisted Securities Market in a placing that capitalises the office interior design company at £9.15m, wites Vanessa Houlder.

Lloyds Merchant Bank announced the placing of 5.66m shares at 62p per share, which will raise £2.49m for the company.

Forwell, based in Middlesex, plans to use its quotation for acquisitions, particularly where this provides further geographical expansion in the UK.

In 1988, it made pre-tax profits of £905,000 (£598,000) on turnover of £6.48m (£3.35m). It is joining the market on a historic p/e multiple of 10.7. Pro forma net assets are £1.96m.

Dealings are expected to start on Thursday. Brokers to the issue are Hoare Govett Corporate Finance.

FI advances 48% to £1.48m

By Peter Pearse

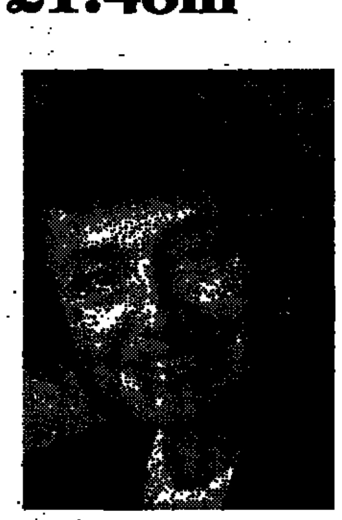
FI GROUP, the Hertfordshire-based information systems company which has been used as a case study at the Harvard Business School, increased its pre-tax profits by 48 per cent from £1m to £1.48m in the year to April 30.

About 90 per cent of FI's staff are women, many are part-time freelance programmers and systems analysts, and they often work from home.

Mr Alastair Livingstone, group finance director, said that, although progress had been made "across the board", the financial services sector had shown the greatest growth in the period under review. However he added that since the year-end the retail and distribution and the public services sectors were showing signs of catching up.

Mr Livingstone said that margins at the pre-tax level were improving steadily. Currently they are in the region of 6 to 7 per cent, against an industry span of 7 to 10 per cent. He suggested that a stock market launch could be sought, although not until at least after the end of the current financial year.

The company said that the profits advance was a reflection of the the reorganisation of the company instituted in 1986 by Mrs Hilary Cropper, chief executive, as was the 28 per cent increase in turnover from £15.5m to £19.13m.



Hilary Cropper — seeing the fruits of her reorganisation

Summer spends initial £3.9m on training concern

By Philip Coggan

Summer International, the training and education group, has acquired IIS, an interactive video training company, for a maximum of £20m.

IIS is currently owned 57 per cent by its management and 43 per cent by Really Useful Group, the leisure company. In the year to February 28, IIS made pre-tax profits of £772,000, after adjustment for interest.

The initial consideration is just £3.85m cash plus 250,000 Summer shares. Further payments, based on a maximum of 5.7 times after-tax earnings, will be made dependent on future profits.

FT Share Service

The following securities were added to the Share Information Service in Saturday's edition:

Butler Cox (Section: Electricals).

DAF NV(Motors).

Kingspan Group (Buildings).

Pasminco (Mines-Australians).

Sumitomo Trust & Banking (Banks).

COMMODITIES AND AGRICULTURE

Comex chief quits over lack of salary

By Deborah Hargreaves in Chicago

MR John Hanemann, chairman of New York's Commodity Exchange (Comex) resigned late last week in a move that came as a surprise to traders.

It followed the resignation of Ms Rosemary McFadden, president of the New York Mercantile Exchange and the appointment of a new president at Comex.

While the resignations will mean a different team in charge of New York's two biggest futures exchanges, they were unrelated.

The Comex board swiftly announced the appointment of Mr Bob Fink, Mr Hanemann's second-in-command in the member management of the exchange, to the chairmanship.

In a letter to Comex members, Mr Hanemann said he was leaving because of health and financial considerations. He was disappointed when Comex members voted against awarding a salary for the chairmanship in a May referendum. His letter said the chairmanship had been an enormous financial burden on him.

The chairmanship of a futures exchange has traditionally been an unpaid post. However, Chicago's two leading exchanges and the New York Mercantile Exchange have all introduced salaries for their chairmen.

The Nymex board recently voted to increase its chairman, Mr Z. Lou Guttman's salary to $100,000.

Mr Hanemann, a gold trader, who was voted Comex chairman in March last year, is also due to have an operation in October, which will involve a four-month absence from the exchange.

The acerbic Mr Hanemann provided much-needed leadership at Comex as the exchange emerged from a difficult period following the 1987 stock market crash and difficulties with its clearing system.

Mr Fink, a 40-year-old trader in gold futures, will serve the remainder of Mr Hanemann's two-year term, which expires in March next year. He has been involved in the exchange's business conduct and operations committees as well as in its disciplinary actions.

Last week the exchange also appointed Mr Arnold Staloff as its new president.

LME WAREHOUSE STOCKS
(Change during week ended last Friday) tonnes

Aluminium	+12,500	to 142,625
Copper	−2,625	to 71,600
Lead	−1,525	to 32,050
Nickel	−12	to 2,538
Zinc	−1,150	to 27,700
Tin	−830	to 2,030

MacSharry stands firm on budget stabilisers plan

Bridget Bloom and Tim Dickson interview the Agriculture Commissioner on the CAP reforms

THE EUROPEAN Community's reforms of the common agricultural policy are proving successful and will remain in being for the foreseeable future, according to Mr Ray MacSharry, the EC's Agriculture Commissioner.

In an interview in his Brussels office late last week, Mr MacSharry denied suggestions that since he became Agriculture Commissioner six months ago, the so-called budget stabilisers agreed by the EC summit in February 1988 were being eroded under pressure from the farming lobby.

The stabilisers, which cover all major EC-supported commodities except sheepmeat, were helping to curb costs and had contributed greatly to a reduction in farm surpluses. "Why should we change such a successful policy?" Mr MacSharry asked.

The Commissioner acknowledged that some farmers needed help to cushion the impact of the reforms on their incomes. A series of measures, from direct income aids to grants for diversification, had been designed for that purpose, he said.

However, Mr MacSharry agreed that he was considering easing the payment of the special co-responsibility levy on cereals, which is strongly opposed by British and many continental farmers' organisations.

Mr MacSharry, a former Irish finance minister, took over as Farm Commissioner from Mr Frans Andriessen last January. He was immediately immersed in the negotiations on this year's farm price package (concluded much more quickly than in the two previous years), as well as in the preparations for the April meeting in Geneva of the General Agreement on Tariffs and Trade, which broke the log jam in the Uruguay round of trade and agriculture talks.

Ray MacSharry: "Why change such a successful policy?"

In recent weeks the new Commissioner has come under considerable pressure from farmers, in the arable sector in particular, to ease the impact of the CAP reforms. His announcement earlier this month that milk production quotas would be increased by 1 per cent (which he justifies by pointing to increased penalties for over-production), as well as the hint of a move on the cereal co-responsibility levy, have provoked suggestions that he is preparing to weaken the stabiliser system, the centre piece of the CAP reforms.

Mr MacSharry may be more vulnerable to such criticism than his predecessor since – as one official put it – he did not suffer the "extreme pain" of the four years of negotiations which took in the stabiliser package.

He also took over at a time when, thanks to factors largely extraneous to the EC – most notably last year's North American drought – the EC's farm budget is well within its prescribed ceiling of Ecu 28.6bn for this year and Ecu 30.7bn for next. Mr MacSharry therefore appears to have some room to grant a few financial sweeteners for farmers.

However, the Commissioner was adamant that the stabilisers – which are up for review only in 1991 – were not only necessary but would remain in being "for the foreseeable future."

As for the budget surplus – that could easily be overplayed, he thought. Apart from the fact that it had largely come from savings on export subsidies, the result of world prices driven higher by the US drought, this year's surplus "could well be whittled away by the year's end."

The surplus had been estimated as high as Ecu1.8bn to Ecu2bn (£1.2bn to £1.35bn) but some Ecu700m to Ecu800m would go into the special currency reserve fund to guard against the effects of future exchange rate fluctuations. There would be small overruns on dairy products (Ecu300m), tobacco (Ecu100m) and other products. There would also be some underspends – on cereal and fruit and vegetables, for example.

But, Mr MacSharry insisted, the leeway was not as great as many thought, even on next year's projected surplus of Ecu3bn to Ecu4bn. This year's US harvest could still be bigger than expected while next year's could be a bumper one, both there and in the EC. Then prices would fall and support costs rise markedly, Mr MacSharry noted.

Mr MacSharry said he had not yet decided whether it would be possible to ease the payment of the co-responsibility levy on cereals. There is a basic 3 per cent levy, imposed before the 1988 reform package, and an additional 3 per cent which, it was agreed at the Summit, would be imposed if the annual cereal harvest went above 160m tonnes for the whole of the EC. (The 160m-tonne figure is also the trigger for cuts in farm-gate prices).

Farmers want the whole 6 per cent levy suspended, but Mr MacSharry seems to be thinking only of the possibility of suspending the extra 3 per cent until such time as the size of the harvest is fully determined. Given that this year's harvest could be under 160m tonnes, this could mean that as from September the extra levy will be suspended, only to be imposed if the harvest is proved by the new year to have exceeded 160m tonnes.

On longer term issues Mr MacSharry – who for the first time to bear the title of Commissioner for Agriculture and Rural Development – said that his top priority for his four-year term would be to put in place "a good, coherent rural development policy that can help prevent rural de-population throughout the Community."

Over the last couple of decades, Europe's farming population had halved while its agricultural production had doubled. "We can't allow either that sort of increased production, or those great losses of people from the land, to occur in the next 10 or 15 years," he said.

The problem of rural depopulation was particularly acute in France and in Ireland. In both countries, over half of all farmers were more than 50 years old, and half of those had no actual or willing successors, Mr MacSharry said.

The budget for rural development measures was currently small – only Ecu200m was provided for 1990, for example. But a start had to be made, while the increase in the EC's so-called structural funds, also agreed at the 1988 summit, was already making it possible to increase payments to farmers in least favoured areas, including to those young farmers whom it was essential to encourage to stay.

The Commission's agricultural directorate in Brussels – universally known as DG Six – was being partly restructured to gear it to cope with rural development policies. Mr MacSharry said he expected that in the autumn detailed proposals would follow studies now being conducted of present and future development plans.

These should be seen within the context of the Commission's document, The Rural Society or Le Monde Rurale, which was agreed a year ago and which sees a shift away from farming as the sole engine of growth in the rural areas to plans which include social and economic aids to boost a wider range of activity.

Although he felt that farmers were often unfairly blamed for polluting the environment, Mr MacSharry acknowledged that environmental issues, including the Commission's controversial directive to control nitrate use by farmers, would be of increasing importance in formulating farm policy.

However, Mr MacSharry noted one issue on which the Commission appears to have decided to do very little in the immediate future: that of the milk production hormone, bovine somatotropin or BST. Although he denied that the issue was being "kicked into touch" Mr MacSharry confirmed that he believed there should be further studies, which could take 12 to 15 months, before the ban on BST could be lifted.

Peruvian miners say strike will go ahead

PERU'S 70,000-member Mineworkers' Federation will go ahead with plans to launch an indefinite strike on August 14 in spite of two big wage settlements in the state mining sector, the head of the federation said yesterday, reports Reuter from Lima.

Workers at the state-run Centromin and Minero Peru lifted strike threats this week after signing accords with management.

"Centromin and Minero Peru workers solved their disputes for now, but this does not affect the national strike. On the contrary, they will be saving their strength for the strike," said Mr Jorge Quesada, secretary general of the federation.

Metals traders were predicting limited success for the strike, in support of demands for wider collective bargaining, and did not rule out the possibility of the unions cancelling it. But they said the economy's progress in the next month could hold the key.

Miners had been building up savings in preparation for the stoppage, said Mr Quesada. It would be the first national walkout since a three-day "warning strike" in April, which miners admitted was a failure.

But some powerful unions that did not back the April strike have thrown their support behind the coming indefinite walkout.

Leaders of the 14,000-member Centromin workers' federation say they will back the next strike in spite of opposing the three-day stoppage and signing a wage settlement with management on Wednesday.

● Guerrilla bombings at the Centromin's Morococha polymetallic mine have halted production in at least five mines, a Lima newspaper reported.

Ghana's farmers sow the seeds for a green revolution

William Keeling on Global 2000, the project which aims to tackle the country's agricultural difficulties

ON ONE side of the compound languished the remnants of a past era: the dinosaur hulks of broken tractors and combined-harvesters, acting as a perpetual reminder of the age of mechanised state-farms.

On the other side a group of Ghanaian women were busily packing 25 kg bags of maize seed. They are part of a team that is spear-heading the drive to return the emphasis of development to the small-scale farmer. A sign explains that they are working for "A Green Revolution: Sasakawa Global 2000."

The project, which started in 1986, is primarily financed by the Japanese businessman and philanphropist Ryoichi Sasakawa.

Having initiated relief cargoes to Ethiopia two years earlier he is determined to bring together a team to tackle the malaise of African agriculture.

Sasakawa turned to Norman Borlaug, the agronomist who was the principal architect of India's "green revolution" in the 1960s and together they enlisted the support of ex-president Jimmy Carter as chairman of the project.

There is nothing new in its precept that by coupling correct planting techniques with improved seed varieties and the timely inputs of fertiliser yields will increase.

The task they were set was the rehabilitation of the agricultural extension services whose mechanics, like those of the tractors, had simply broken down. The products of research stations were unused while the subsistence farmers were left to work fields that produce ever-decreasing results.

The project has concentrated on the staple crops of maize and sorghum. In the first year 40 Production Test-Plots (PTPs) were established – one acre plots where farmers, having been shown new planting techniques, were provided with fertiliser and seed to conduct their own tests.

This is in contrast to the typical "demonstration" plots of most development projects where the farmers are mere observers. With resultant yields more than double, the extension workers were convinced of the purpose they could serve and the farmers of the benefits they might receive.

The demand from farmers has been dramatic and the project has expanded to 85,000 PTPs this year and, now that a decision has been taken to go nationwide, to a projected 300,000 in 1990. On such a scale, however, Global 2000 is in danger of becoming a victim of its own success.

The director of Global 2000 in Ghana, Dr Eugenio Martinez, feels confident that they will be able to impart the new technology of high density line-sowing but he cautions that "technology is just a small part of the game."

Integral to their immediate success is the availability of fertiliser and the improved seed varieties; without these the farmer will fail measurably to increase his yield.

This year the fertiliser is ready and waiting but a lack of seed threatens. The varieties, products of Ghana's Crop Research Institute, are multiplied and marketed by the Ghana Seed Company, a near-bankrupt concern that is incapable of satisfying demand.

Dr Martinez believes the answer will spring from the private enterprise of those already within the project.

Another essential ingredient is the provision of credit to enable the farmer, long-starved of cash resources, to purchase the necessary inputs. The budget of Global 2000 this year is set at $1.7m, the majority of which goes to financing a novel credit scheme.

The farmer receives a loan in the form of the actual inputs and is allowed to repay either in cash or in kind. Initial debt recovery was high. Sources of finance are being sought as the project expands, and having built-up the good name of Global 2000 the organisers are using it as a marketing device to persuade the commercial banks to extend credit to farmers being brought into the fold.

The response of the financial institutions has, however, been mixed.

Mr M.B. Ankama, the regional co-ordinator of the upper-west region, has received 30m cedis (£60,000) from the Agricultural Development Bank and the Ghana Co-Operative Bank to assist one-fifth of the farmers who applied to join the project in the area.

However, a promise of 48m cedis from the Ghana Commercial Bank has yet to be honoured. Moreover, the banks refuse to accept payment in kind and rely on the extension staff for quick recovery of loan without providing for the logistics of the task. Debt recovery has begun to fall, thereby providing the banks with a ready excuse to pull-out.

The project has achieved considerable success and the organisers express with pride how "everyone wants to be a Global 2000 farmer."

Nevertheless, they need to be aware that their project will founder on expansion if its essential ingredients, availability of inputs and terms of credit, are compromised. Dr Martinez, the banks and the government will have to concentrate their minds to ensure that this project does not grow to become another dinosaur.

Cash boost for copper mine

FREEPORT INDONESIA, 85.39 per cent owned by Freeport-McMoRan of the US, is to invest $511m in expanding its copper mining operations in Irian Jaya province, according to Mr Usman Pamuntjak, the company's president, reports Reuter from Bandung.

He said the expansion would double the company's output and expected it to be on stream in 1992 or 1993.

Mr Ginanjar Kartasasmita, the Mines and Energy Minister, has said Freeport could continue to operate in Indonesia, but should build a smelter to process copper concentrate into metal.

Freeport produced 293,711 tonnes of copper concentrate in 1988 and 258,846 tonnes in 1987.

WORLD COMMODITIES PRICES

LONDON MARKETS

LONDON'S COCOA futures market broke out of its recent trading range to reach 5-month highs yesterday, but with the move not being followed up in New York the rise ran out of steam in the afternoon. The September position in London closed at £889 a tonne, up £32 on the day and just £1 off from the day's high. Dealers said trade and commission house selling which had frustrated earlier attempts at a rally appeared near the top but had been well absorbed. The coffee futures market continued in its narrow range with the the September position closing £4 down at £820 a tonne. Dealers said Friday night's news of a new, more aggressive marketing policy in Colombia, the second biggest producer, barely affected sentiment because it had been widely expected. On the LME zinc market fading supply worries lead to lower prices.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.30-5.40z	+0.25
Brent Blend	$18.00-8.10w	+0.35
W.T.I. (1 pm est)	$20.37-0.42w	+0.12
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$201-203	-1
Gas Oil	$145-146	+1
Heavy Fuel Oil	$86-87	
Naphtha	$158-161	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$371.25	
Silver (per troy oz)♣	530c	+6
Platinum (per troy oz)	$505.5	-0.25
Palladium (per troy oz)	$151.0	+0.40
Aluminium (free market)	$1660	-25
Copper (US Producer)	111⅝-112c	+½
Lead (US Producer)	38.5c	
Nickel (free market)	550c	-5
Tin (Kuala Lumpur market)	25.70r	-0.30
Tin (New York)	452.5c	+1.0
Zinc (US Prime Western)	80⅜c	
Cattle (live weight)†	118.80p	-1.35*
Sheep (dead weight)†	191.83p	-2.98*
Pigs (live weight)†	83.99p	-3.77*
London daily sugar (raw)	$346.8t	+5.6
London daily sugar (white)	$462.0t	+3.0
Tate and Lyle export price	£330.5	+6.0
Barley (English feed)	£104w	
Maize (US No. 3 yellow)	£131.25	
Wheat (US Dark Northern)	£123.5t	-4.25
Rubber (spot)♡	60.00p	-0.50
Rubber (Aug)♡	62.00p	-1.00
Rubber (Sep)♡	62.75p	-1.00
Rubber (KL RSS No 1 Aug)	252.0m	-2.0
Coconut oil (Philippines)§	$542.5t	
Palm Oil (Malaysian)§	$330t	
Copra (Philippines)§	$340	-15
Soyabeans (US)	Unq.	
Cotton "A" index	82.80c	
Woollops (64s Super)	603p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jun. w-Aug. z-Sep. u-Jun/Jul. x-Jul/Aug. t-Aug/Sep. v-Aug/Oct. †Meat Commission average fatstock prices. * change from a week ago. ♡London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Jul	872	838	870	859
Sep	889	857	890	865
Dec	943	911	945	924
Mar	914	884	915	896
May	921	892	923	908
Jul	936	906	937	918
Sep	953	922	953	940

Turnover: 11467 (6505) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 14 1052.50 (1026.72) :10 day average for Jul 17 1035.48 (1034.33)

COFFEE £/tonne

	Close	Previous	High/Low	
Jul	818	823	829	816
Sep	820	824	832	817
Nov	838	841	845	833
Jan	855	862	867	855
Mar	880	884	889	875
May	900	906	913	895
Jul	920	937	938	920

Turnover: 2638 (1869) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jul 14: Comp. daily 78.34 (78.33). 15 day average 87.18 (88.93)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
Aug	309.20	313.60	310.60	303.00
Oct	308.40	312.20	310.60	302.60
Dec	302.00	304.00	295.00	295.00
Mar	291.60	291.80	293.00	285.40
May	290.00	289.00	287.00	284.00
Oct	279.00	279.60	279.20	274.00
White	**Close**	**Previous**	**High/Low**	
Aug	400.00	470.00	400.00	391.00
Oct	374.00	402.50	373.00	365.50
Mar	362.50	364.00	361.90	353.60
May	360.50		355.00	353.50

Turnover: Raw 5659 (5246)lots of 50 tonnes. White 1890 (2218).
Paris- White (FFr per tonne): Oct 2548, Dec 2380, Mar 2310, May 2300, Aug 2290, Oct 2180.

CRUDE OIL $/barrel

	Close	Previous	High/Low	
Sep	17.41	17.38	17.43	17.25
Oct	17.09	17.14	17.10	17.00
Nov	16.95	16.91	16.95	16.80
IPE Index	17.34	17.14		

Turnover: 5183 (4608)

GAS OIL $/tonne

	Close	Previous	High/Low	
Aug	145.25	144.25	145.25	143.75
Sep	146.50	145.75	146.50	144.75
Oct	149.00	147.50	148.25	146.25
Nov	149.50	148.75	149.50	147.75
Dec	150.50	150.00	150.75	148.75
Jan	149.00	149.50	149.00	

Turnover 4595 (4332)lots of 100 tonnes

TEA
There were 16,780 packages on offer at this weeks auction, including 4,600 offshore, reports the Tea Brokers' Association. The few best liquoring east African ctc's on offer were steady, while selected coloury mediums advanced by 2-3p, but the remainder were irregular with dust grades sometimes easier. Central Africans were well supported with prices tending slightly lower. Ceylons met good competition at firm to dearer rates. In the offshore section selected brighter teas ruled firm to dearer with others about steady. Quotations: quality 195p nominal (195p), medium 130p (130p), low medium 107p (108p).

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 10,200 tonne
Cash	1658-63	1663-5	1657/1655	1656-7		
3 months	1665-7	1668-9	1670/1652	1665-70	1667-8	31,508 lots
Copper, Grade A (£ per tonne)						Ring turnover 29,250 tonne
Cash	1509-11	1534-6	1538/1510	1525-8		
3 months	1484-5	1497-8	1507/1482	1500-2	1487-8	73,865 lots
Lead (£ per tonne)						Ring turnover 7,850 tonne
Cash	440-2	443-4	444/441	441-2		
3 months	414-5	413-4	422/415	415-6	414-5	9,282 lots
Nickel ($ per tonne)						Ring turnover 1,590 tonne
Cash	11800-900	11950-2050	11950/11875	11800-50		
3 months	11225-50	11325-50	11300/11225	11300-25	11220-50	6,218 lots
Tin ($ per tonne)						Ring turnover 590 tonne
Cash	9670-90	9830-50		9725-30		
3 months	9660-70	9815-25	9750/9660	9710-20	9650-70	2,407 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 9,800 tonne
Cash	1655-65	1715-25	1685/1650	1650-3		
3 months	1570-5	1610-5	1622/1561	1560-3	1570-5	10,938 lots
Zinc ($ per tonne)						Ring turnover 7,850 tonne
Cash	1615-25	1680-70	1625	1620-5		
3 months	1535-45	1572-5	1575/1530	1540-5	1530-5	8,340 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Nov	120.0	115.0	115.5	112.0
Apr	190.1	176.0	190.4	184.5
May	209.9	195.0	206.0	204.0

Turnover 481 (410) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Oct	145.00	147.00	147.00

Turnover 55 (20)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Jul	1345	1350	1355	1340
Aug	1347	1355	1350	1345
Oct	1477	1479	1480	1475
Jan	1520	1529	1520	1515
Apr	1555	1555	1554	
BFI	1385	1392		

Turnover 211 (447)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Sep	104.70	105.00	104.75	104.50
Nov	106.30	108.55	108.30	108.05
Jan	111.85	112.00	111.75	111.50
Mar	114.35	115.10	114.85	114.80
May	118.45		118.45	
Barley	**Close**	**Previous**	**High/Low**	
Sep	102.45	102.75	102.50	102.25
Nov	106.40	106.70	106.40	106.20
Jan	109.95	110.20	110.00	109.80
Mar	112.80	113.10	112.80	
May	114.90	115.00	114.70	

Turnover: Wheat 166 (224), Barley 153 (173).
Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	116.0		
Oct	120.0		119.0
Nov	120.0		
Feb	112.0	112.6	

Turnover 5 (15) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	371-371½	230¼-230¾
Opening	371-371½	230¾-231¼
Morning fix	370.90	230.975
Afternoon fix	370.60	230.256
Day's high	371-371½	
Day's low	370½-371	

Coins	$ price	£ equivalent
Mapleleaf	381-386	236½-239½
Britannia	381-386	236½-239½
US Eagle	381-386	236½-239½
Angel	381-386	236½-239½
Krugerrand	370-373	229¾-231¾
New Sov.	88-89	54½-55¼
Old Sov.	88-89	54½-55¼
Noble Plat	511.55-518.65	318.05-323.05

Silver fix	p/fine oz	US cts equiv
Spot	325.10	523.00
3 months	336.25	534.65
6 months	347.15	546.00
12 months	369.85	568.60

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Nov	Sep	Nov
1550	134	129	7	22
1650	62	69	34	58
1750	21	30	91	117
Copper (Grade A)	**Calls**		**Puts**	
2250	177	155	26	82
2350	111	106	59	130
2450	63	69	109	191

LONDON FOX TRADED OPTIONS

Coffee	Sep	Nov	Sep	Nov
750	85	161	17	76
800	53	135	35	100
850	31	113	63	128
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
750	139			
800	90	154	2	11
850	48	115	10	22

US MARKETS

IN THE METALS, gold prices were higher in quiet trading reflecting a soft U.S. dollar, reports Drexel Burnham Lambert. Silver produced the largest gain from fund buying and elected commission house stop orders. The September contract peaked at 538 before closing slightly lower. Copper trading featured sideways action while platinum was again dull. In the softs, sugar trading was choppy with prices closing lower on the day. Cocoa continued to rally with heavy fund activity. Volume for the session was over 12,000. The grains all sank as new regulations limiting postion size forced liquidation. Possible rain later this week also weighed on the markets. Cotton futures gained from commision house and local activity. Orange juice was again lower as commission house liquidation ahead of the July expiration was featured. In the livestocks, large storage stocks and reduced demand kept belly futures down. Cattle prices were higher as packers are short of slaughter supplies. Live hogs remained firm. The energy complex advanced on scattered technical buying when resistence levels were broken through

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	371.0	370.8	0	0
Aug	372.2	372.2	374.1	372.1
Sep	374.4	374.5	0	0
Oct	376.4	376.5	378.3	376.2
Dec	380.6	380.8	382.5	380.4
Feb	384.6	384.8	385.0	385.0
Apr	388.6	386.8	389.1	389.0
Jun	392.7	392.9	394.5	392.5
Aug	396.9	397.0	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	508.7	507.7	507.5	507.5
Oct	512.5	511.7	517.0	510.1
Jan	516.0	513.7	518.0	512.5
Apr	518.2	517.2	0	0
Jul	521.6	520.9	520.0	520.0
Oct	525.0	0	528.0	525.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	526.3	520.7	530.0	524.0
Aug	528.0	522.3	524.8	524.5
Sep	532.5	526.6	538.0	528.0
Dec	545.0	539.1	550.5	540.0
Jan	542.3	542.3	0	0
Mar	555.3	550.2	560.0	554.0
May	564.3	558.1	564.5	564.5
Jul	572.6	566.3	0	0
Sep	580.8	574.4	0	0
Dec	592.1	585.7	591.0	591.0

INDICES

REUTERS (Base: September 18 1931 = 100)			
July 14	July 13	mnth ago	yr ago
1944.6	1925.4	2029.9	1991.0

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	126.80	128.38	133.52	139.77
Futures	129.46	129.04	133.22	142.54

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	106.00	105.10	108.30	103.10
Aug	106.00	105.10	0	0
Sep	105.60	105.10	106.30	102.50
Dec	101.15	100.10	101.50	98.50

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	20.39	20.32	20.40	20.09
Sep	19.91	19.57	19.92	19.45
Oct	19.45	19.09	19.45	18.98
Nov	19.15	18.80	19.12	18.72
Dec	18.91	18.68	18.91	18.50
Jan	18.78	18.45	18.78	18.37
Feb	18.70	18.37	18.70	18.30
Apr	18.56	18.29	18.62	18.30

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	5020	4933	5060	4880
Sep	5095	5006	5135	4940
Nov	5235	5141	5240	5110
Dec	5310	5208	5310	5170
Jan	5310	5216	5310	5195
Feb	5235	5141	5235	5155
Apr	4920	4801	4920	4825

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	1375	1336	1380	1385
Sep	1327	1285	1335	1297
Dec	1345	1308	1349	1320
Mar	1355	1318	1355	1329
May	1368	1323	1356	1343
Sep	1398	1351	1400	1367
Dec	1429	1391	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	86.86	87.86	90.00	85.90
Sep	87.77	88.83	90.30	87.10
Dec	90.88	91.20	92.40	89.90
Mar	93.59	94.00	95.50	93.00
May	95.50	95.81	96.80	94.70
Jul	97.38	197.81	98.00	97.00
Sep	99.25	199.28	99.90	99.50
Dec	102.00	102.00	101.50	101.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	13.97	14.09	14.03	13.55
Jan	12.75	13.20	0	0
Mar	13.19	13.21	13.20	12.79
May	13.04	12.91	13.05	12.64
Jul	12.83	12.82	12.87	12.57
Oct	12.52	12.66	12.52	12.45

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	73.60	73.06	74.10	73.05
Dec	74.32	73.85	74.50	73.85
Mar	75.30	74.80	75.75	74.85
May	75.85	75.00	75.70	75.00
Jul	75.55	74.95	75.65	75.10
Oct	70.80	70.35	71.00	70.53
Dec	68.70	68.90	69.00	68.50

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	166.00	171.35	171.70	166.00
Sep	165.95	170.95	169.00	165.95
Nov	149.70	153.95	153.00	149.50
Jan	145.50	148.60	148.25	145.50
Mar	144.50	147.95	146.95	146.95
May	143.70	147.20	0	0
Jul	143.70	147.20	0	0
Sep	143.70	147.20	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	677/4	703/4	692/0	673/0
Aug	662/2	686/2	677/0	660/2
Sep	639/4	669/4	650/0	639/4
Nov	628/4	658/4	640/0	629/4
Jan	636/4	666/4	641/0	636/4
Mar	643/0	673/0	649/0	643/0
May	648/6	678/6	662/0	648/6

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	19.22	19.72	19.30	19.10
Aug	19.33	18.75	19.45	19.15
Sep	19.62	19.98	19.67	19.30
Oct	19.80	20.21	19.80	19.65
Dec	20.18	20.57	20.25	19.95
Jan	20.30	20.75	20.36	20.25
Mar	20.77	21.10	20.80	20.70
May	21.09	21.36	21.16	21.00

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	210.6	217.7	215.0	210.0
Aug	203.4	212.2	209.0	203.0
Sep	198.2	208.0	204.5	198.0
Oct	195.7	205.7	201.0	195.7
Dec	192.7	202.7	199.0	192.7
Jan	192.0	202.0	192.5	192.0
Mar	191.9	201.9	195.0	191.9
May	190.7	200.7	0	190.7

MAIZE 5,000 bu min; cents/56lb bushel.

	Close	Previous	High/Low	
Jul	247/4	269/6	255/0	246/4
Sep	242/2	252/2	246/4	242/2
Dec	242/6	252/6	242/6	242/6
Mar	249/4	259/4	252/0	249/4
May	252/6	262/6	253/6	252/6
Jul	252/6	262/6	256/0	252/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	384/0	395/2	392/4	384/0
Sep	386/2	395/4	398/0	386/4
Dec	397/6	406/0	402/4	398/4
Mar	398/4	405/6	403/0	397/6
May	383/0	389/0	386/0	381/0
Jul	350/4	358/0	356/0	350/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	72.92	71.95	72.95	71.80
Sep	73.95	73.30	74.30	73.70
Oct	75.55	75.07	75.60	74.95
Dec	74.25	73.95	74.30	73.90
Feb	73.17	72.85	73.17	72.80
Apr	74.15	73.97	74.15	73.75
Jun	72.90	72.60	72.90	72.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	47.65	47.50	47.80	47.30
Aug	45.30	44.70	45.40	44.55
Oct	39.80	39.72	40.10	39.57
Dec	42.15	42.20	42.40	41.97
Feb	43.80	43.65	43.80	43.45
Apr	41.00	41.20	41.45	41.00
Jun	46.30	46.40	46.35	46.25

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	29.07	29.37	29.35	28.80
Aug	28.45	28.85	28.80	28.25
Feb	42.75	43.55	43.60	42.40
Mar	42.62	43.42	43.50	42.60
May	43.90	44.05	44.00	43.20
Jul	44.90	45.40	45.00	44.30

LONDON STOCK EXCHANGE

Equities close well below day's highs

LONDON'S EQUITY market greeted the start of the new trading account with an initial extension of the recent upward push to post-crash highs but, significantly, ran into a bout of small-scale but persistent profit-taking to close only fractionally higher on the session.

A closing gain of 1.2 left the FT-SE 100-share index at another post-crash high of 2,274.9 but a far cry from its best trading level yesterday of 2,293.4 or up almost 20 index points.

The market began the day in good form with dealers marking share prices higher after positive comment on the equity market in the weekend

Account Dealing Dates			
*First Dealings:	Jul 3	Jul 17	Jul 31
Option Declarations:	Jul 13	Jul 27	Aug 10
Last Dealings:	Jul 14	Jul 28	Aug 11
Account Day:	Jul 24	Aug 7	Aug 21

*New time dealings may take place from 8.00 am two business days earlier.

Press. Adding to an initial flurry of buying interest was news of an agreed £314m bid in the property sector, one of the market's outperformers over the past two weeks, and hopes of yet more bids to come.

There was also widespread relief that the latest CBI/FT survey of the distributive trades showed a marked slowing in retail sales during June compared with May. Figures released mid-morning by the authorities confirmed the CBI/FT line with sales during the month dropping by 1.8 per cent on the May figure, well below market forecasts.

But the numbers had an immediate impact on the market which began to retreat as dealers pondered the effects that a rapidly slowing economy could have on UK manufacturing. Having peaked at 2,293.4 less than an hour before the retail sales number, the FT-SE 100-share index embarked on a retreat that just before the official close had reduced it to 2,274.6 – a mere 0.9 up on the day.

The downturn in prices was given added impetus from the relatively disappointing performance of Wall Street which was some 10 points off just a couple of hours into the US market's trading session.

Asked the reason behind the stalling of the recent upsurge, one top institutional salesman said the market has simply run out of steam, with not much in the way of actual trade and a decline on Wall Street giving credence to the feeling that we are due a rest." But he added that there was "little in the way of selling pressure, the big funds and institutions are frightened to sell in case of missing the next big move or takeover story."

Mr Jeffrey Thompson, equity strategist at BZW, said he retained his cautious stance on the market "while recognising that the strength of liquidity and bid activity limits the downside. Even on bad news, we see the market supported at 2,100 through the Autumn interims which start in September; our year-end target of 2,250 for FT-SE is unchanged."

Turnover came out yesterday at a disappointing 513.5m shares, compared with Friday's 771.8m and last Thursday's 539.1m.

Income funds sell Gas

British Gas easily topped the list of active shares in the energy sector as the price reacted to what dealers described as strong selling pressure from income funds.

The shares were also said to have been unsettled by news that the company is re-examining its pricing structure for industrial consumers after pressure from Ofgas, the industry's regulatory body, and from the Monopolies and Mergers Commission.

But it was selling by income funds that was the main cause of yesterday's weakness. "They've had a reasonably good run since the figures and were strongly supported by the income funds who wanted the dividend," said one analyst. "Once they went ex the funds changed their tune and sold out: the industrial pricing story is nothing new or dramatic," he added.

The company was also in the news as it appealed against Enterprise Oil's purchase of Texas Eastern's North Sea oil and gas interests for some $1.4bn.

Having been marked down to 185p, ex the 6.25p dividend, at the outset of trading, Gas shares briefly moved up to touch 191p, helped by the general market rise, before coming off to close the session a net 2 easier at 185p ex-dividend; turnover was a higher-than-usual 19m shares.

C & W

Cable and Wireless rose strongly ahead of today's agm and on hopes of the benefits to come from the personal communicators (PCN) market, where its Mercury subsidiary has a licence. The victims of the market's views, because of their interests in the cellular business, on PCN yesterday were the Racal twins, Telecom and Electronics, both down 15 to 395p and 445p respectively. Racal is in the midst of a series of presentations to US institutions and some London dealers had hoped the price would be supported by New York buying.

Demand for C & W was also boosted by the launch by Bankers Trust of 5m warrants for the stock. Each is exercisable into one share, or a cash alternative. The strike price is 545p, yesterday's 3.30pm mid-price, at any time between August 24, 1989 and January 16, 1991. Trading begins this morning and marketmakers include James Capel, Robert Fleming, Strauss Turnbull and Shearson Lehman.

Part of C & W's price rise was a result of Bankers Trust buying both stock and options to cover its position. It was the third busiest instrument in yesterday's traded options market with contracts agreed for the equivalent of more than 2.8m shares. The equities clocked up a good 7.9m shares traded as the price climbed 10 to 541p, after 550p.

Cookson burst

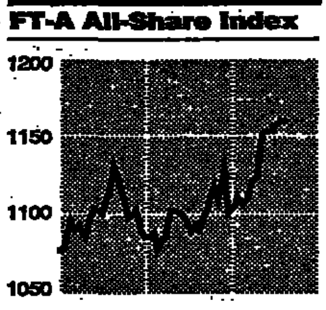
Specialist chemical giant Cookson put in a rare burst of activity in the wake of a meeting last weekend between the company and sales staff at Kleinwort Benson. The stock opened firmly and, unlike much of the rest of the market, held onto ground gained to end at 348p, up 11. Volume was good for the stock at 4.2m shares.

Mr Colin Fell of Kleinwort said that Cookson was "a dynamic growth company whose shares have languished since the '87 crash." He said that established businesses were performing well and the company had made quality acquisitions, especially of US electronics, plastics and laminates businesses. He rated the stock a good long-term buy.

A combination of brokers' recommendations ahead of the approaching interims and bullish press comment helped clearing banks outperform the wider market. Leading the way higher were Lloyds, up 9 at 355p, Barclays and Midland, both up 8, at 479p and 355p respectively, and NatWest, only up 3 at 322p but heavily traded on turnover of 6.4m shares.

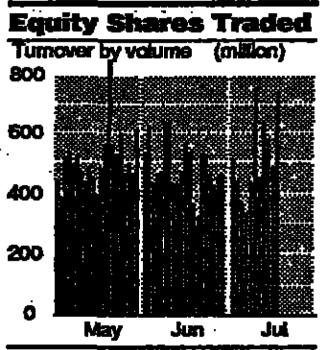
Mr John Aitken, analyst at County NatWest WoodMac, is publishing a positive note on the sector this morning. Although he expects the coming half-yearly results to show relatively flat overall profits, he believes underlying earnings growth will be good, dividends will be up markedly, and further provisions will be made against LDC debt, a move which should be widely welcomed in the market. In addition, the influence of the two factors that have recently held the sector back – the LDC issue and the recent preponderance of rights issues – is waning, said Mr Aitken.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



The County analyst also noted that bank stocks were currently undervalued by the market, a point echoed by the banks team at Smith New Court, which has advised clients to increase their holdings from underweight to neutral. "The sector relative is standing near to its all time low and conversely the yield relative is close to its high and set to go higher with prospective dividend growth likely to exceed that of the market."

Abbey National, the newest constituent of the banks sector, put in a weak performance in contrast with the clearing banks. With many large institutions still content to wait before building up holdings, the shares failed to rally from Friday's close. The price was marked down early in expectation of good trade from small shareholders via the Shareline service; it failed to materialise, and although there was good business at the lower levels, Abbey closed 2 weaker at 145p on turnover of 47m shares.

Insurance stocks held steady, the main feature being Legal & General, up 9 at 340p after the group announced a 28 per cent increase in new annual premiums on worldwide life and pensions business to £154m for the first half of 1989.

BAT Industries went higher initially on weekend press suggestions that Sir James Goldsmith's Anglo Group was wooing several international financiers as equity investors in the £13bn bid for the UK conglomerate. A buy recommendation from Mr Bruce Davidson of Smith New Court also helped, but the upturn lost impetus and the shares gave back the gain, to close fractionally better on the day at 879p.

Concluding his analysis of the offer, the Smith researcher says: "Now that a bid has been launched, there will be enormous pressure to realise the value inherent in the company. This will come from the competitive nature of the investment banking industry which will be looking at angles to exploit for a predator. In addition, the range of banks lined up in BAT's camp will also be searching for ways in which values can be realised, while keeping the company independent."

Lonrho rose on hopes that either a buyer has been found for Mr Alan Bond's large shareholding, or that the current strength of the UK equity market could present an ideal opportunity for him to place the stock. Volume was reasonable (2.8m shares) and it was noticeable that, in spite of the wider market trend, the shares held around the day's highest at 305p, up 9.

After an initial burst to 526p, BOC fell more sharply than the wider market, undermined by a line of 1.5m shares on offer through inter-dealer brokers. The stock closed 7 down on the day at 514p on good volume for BOC of 4.5m shares traded.

Tilbury retained their upward thrust on hopes of increased share exchange terms from Lilley. Several analysts thought the take-out price for the company should be nearer 750p, compared with yesterday's price of 671p, up 12.

The Stores sector was undermined by the greater than expected fall in June's provisional high street sales and a bearish circular on fashion retailing from analysts at County NatWest WoodMac. However, the performance of Burton stood out among the declines, the shares adding 8 at 256p on turnover of 2.6m.

W H Smith were particularly weak, closing 8 lower at 320p on the expectation that the company is about to announce the acquisition of Waterstone, the book retailing chain. W H Smith has been in talks with the company for some time, and a deal is believed to be not too far away.

Buyers moved in on the possibility that VG Instruments might be floated off, whether or not its majority shareholder BATs, currently subject of a £13bn takeover bid, remains independent. "BATs may have to demonstrate it is releasing shareholder value," said an analyst. VG climbed 16 to 372p.

STC found support in early trading on speculation over what Olivetti might do as it loosens its ties with AT&T of the US. The ground was quickly lost as thoughts turned towards next week's interim figures. Analysts at Warburg Securities are forecasting profits marginally ahead at £110m, against £100m last time. "Last year's first-half benefited from cable completions," said Mr James Golob of Warburg. STC ended 8 off at 371p.

News that a family shareholder had sold half his J Hewitt stake, leaving him with just more than 5 per cent, triggered some aggressive buying. The resulting stock shortage forced the price up to 169p before it closed at 162p, still a net improvement of 23. One dealer felt that the buyers were anticipating a bid, although there was no immediate indication of who had bought the stake.

Profits were taken in the Food sector as the weekend press failed to come up with anything new on several long-running bid stories. The largest fall was in Cadbury Schweppes, down 14 at 448p on turnover of 6.8m.

There was good demand for Gateway, the retailer ending a up 5 at 231p ex on turnover of 14m shares. Although defeated in the battle for Gateway by Isosceles, Newgateway, the US-backed consortium, continues to pick up stock. It already has over 34 per cent of Gateway, and with a cross of 5.7m shares seen in the market at 231p yesterday it appeared that Newgateway was adding to its holding.

Press suggestions that timber merchant Aaronson would be subject to a 130p a share bid boosted the stock to 100p, before it subsided to 96p, a net rise of 9.

News of the £314m bid for Imry Merchant from the Marketchief consortium came as little surprise to the property sector, and the Imry price retreated from its high of 634p to end at 630p, up 11 on the day. Dealers said they did not expect to see any attempt to rival the 650p a share offer, which the management of Imry has recommended shareholders to accept.

Other stocks in the bid frame failed to match last week's large gains. Arlington Securities, said to be in talks with British Aerospace, closed unchanged at 313p, while Greycoat, a favourite among dealers to follow the route of Imry, succumbed to profit-taking and ended 14 lower at 548p on turnover of 1m shares.

Interest in the oils was largely concentrated on the three biggest companies, British Gas, BP and Shell. The last-named made good on turnover of 3.9m shares and closed 5½ higher at 421½p after a buy note issued by Philip Morgan, from the Citicorp Scrimgeour Vickers oil team. Mr Morgan says "the recent worries about chemicals and downstream margins are exaggerated and provide a buying opportunity." He is forecasting that the group's second quarter results, due on August 10, will "be good at around £819m replacement (£660m last year) and £869m historic (£636m).

BP managed a 3½ rise at 304½p on 5.6m, despite switching out of the stock; BP's second quarter figures are also due on August 10.

The day's two new issues both made satisfactory debuts. Radiotrust, a fund set up to invest in radio shares, ended the day at 106p, having opened at 104p against the issue price of 100p, while security systems group Ambassador Security, issued at 33p, finished the session just below the top at 41p.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 25

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (201). BRITISH FUNDS (13) AMERICANS (1) CANADIANS (1) BANKS (6) Allied Irish, Bancaire Cie, Guinness Mort. Tst., Nat. West, Secure Tst. Grp., Warburg (S.W.), BUILDINGS (8) Condor Grp., Evered, Jackson Grp., Tilbury Grp., Turriff, Ward Grp., CHEMICALS (2) Imp. Chem., Rentokil, STORES (10) ELECTRICALS (7) Black & Decker, Bowthorpe, Eurotherm Int'l., GEC, Magnetic Materials, Psion, TGI, ENGINEERING (11) FOODS (3) Kwik Save, Northern Foods, Sutherland, HOTELS (1) Ladbroke, INDUSTRIALS (34) Alexandra W'kwear, Apollo Metals, Assoc. Brit. Ports, Astra AB, B.H. Prop., BTR, Do. Wrnts., Braithwaite, Brooks Service, Capero Inds., Celestion, Community Hosp. Grp., Electrolux, Elswick, Expamet Int'l., Fisons, French (Th.), Halma, Hewitt (J.), London Int'l., Macfarlane Grp., Man. Ship Can., Min. & Allied Sppls., RFK, Ramco Oil, Rolfe & Nolan, Slebe, St. Gobain, Stine. Bus. Grp., Stonehill Grp., Tamaris, Tomkins, Do. 5.5 Cv. Pf., Unilever, INSURANCE (1) LEISURE (5) Avesco, Cityvision, Radio City "A" N/V, MOTORS (1) Central Mtr. Auctions, NEWSPAPERS (1) PROPERTY (9) SHIPPING (2) Ocean Transport, Runciman (W.), TRUSTS (50) OILS (3) MINES (3) THIRD MARKET (4).

NEW LOWS (30). AMERICANS (1) BANKS (1) BUILDINGS (2) Carron Phoenix, Jarvis (J.), CHEMICALS (1) STORES (1) ELECTRICALS (3) ENGINEERING (2) FOODS (2) INDUSTRIALS (6) Avon Rubber, Bibby (J.), Chestergate Grp., Courtney Pope, Noble & Lund, Suter, LEISURE (3) MOTORS (2) PAPERS (2) PROPERTY (1) TEXTILES (1) TOBACCOS (1) TRUSTS (2) OILS (1) MINES (2) THIRD MARKET (1).

FINANCIAL TIMES STOCK INDICES

	July 17	July 14	July 13	July 12	July 11	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	85.50	86.46	86.14	86.06	85.90	87.32	89.29 (8/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.93	96.95	96.84	96.86	96.82	97.31	99.59 (15/3)	95.21 (13/6)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1880.2	1886.4	1868.0	1858.3	1850.3	1493.3	1886.4 (14/7)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	201.5	202.1	201.8	203.0	204.7	221.1	206.0 (7/7)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2274.9	2273.7	2258.0	2256.7	2250.9	1848.8	2274.9 (17/7)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.29	4.29	4.33	4.34	4.36	4.49				
Earning Yld %(full)	10.05	10.05	10.15	10.18	10.22	11.39				
P/E Ratio(Net)(☆)	11.98	11.99	11.87	11.84	11.79	10.68				
SEAQ Bargains(5pm)	31,419	41,203	32,517	34,883	33,733	24,570				
Equity Turnover(£m)†	-	1749.56	1374.60	1637.52	2099.17	1588.09				
Equity Bargains†	-	43,099	37,160	42,725	37,800	29,276				
Shares Traded (ml)†	-	737.3	493.1	586.5	632.6	498.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 11.86

Ordinary Share Index, Hourly changes. Day's High 1899.9. Day's Low 1880.0

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1881.7	1893.4	1900.7	1892.8	1889.3	1888.6	1886.2	1884.7

FT-SE, Hourly changes. Day's High 2293.4. Day's Low 2274.6

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2280.0	2281.0	2292.8	2287.2	2285.1	2284.4	2282.8	2278.7

S.E. ACTIVITY

Indices	July 14	July 13
Gilt Edged Bargains	110.2	99.8
Equity Bargains	279.3	240.8
Equity Value	3536.3	2778.4
5-Day average		
Gilt Edged Bargains	94.3	87.0
Equity Bargains	252.2	231.5
Equity Value	3259.5	3297.2

SE Activity 1974. †Excluding intra-market business. London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	2,400	186	-1	Cookson	4,200	348	+11	Laporte	272	448	-6	Royal Bk of Scotland	494	402	+7
Abbey National	44,000	145	-2	Courtaulds	1,500	380	-1½	Legal & General	984	340	+9	Royal Insurance	600	415	+4
Allied-Lyons	1,900	587	-6	Dalgety	149	328	-2	Lloyds Bank	1,700	355	+9	STC	1,500	363	-8
Amstrad	604	74	+1	Dixons	7,200	156	-2	LASMO	626	517	-8	Saatchi & Saatchi	252	311	
Argyll Group	1,300	222		Eng. China Clays	603	487	-½	Lonrho	2,800	305	+9	Sainsbury	1,300	261	-1½
Ass. Brit. Foods	493	388	+5½	Enterprise Oil	681	617	-6	Lucas	950	639	+9	Scott & Newcastle	1,400	354	+2½
BAA	1,200	350	-2	FKI Babcock	3,700	176	+4½	MB Group	402	195	+1	Sears	6,300	127	
BAT Inds.	3,000	879	+2	Fisons	614	384	+1	MEPC	528	595	-7	Shell Transport	3,900	421½	+5½
BET	271	297		Gateway Corp.	14,000	231	+5	Marks & Spencer	4,200	206	-2	Siebe	482	549	+9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	138	294	-1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Taylor Woodrow	304	331	+2
[illegible]	2,600	196	+4½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tesco	1,100	195	-1
[illegible]	412	463	-3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	THORN EMI	420	765	-4
[illegible]	282	745	-8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Trafalgar House	767	372	-3
[illegible]	913	506		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Trusthouse Forte	866	335	-5
[illegible]	2,800	445	-15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ultramar	434	325	-1
[illegible]	501	949	-8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Unilever	761	647	+5
[illegible]	284	1203	-24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	United Biscuits	1,600	412	-7
[illegible]	927	617	+3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Utd. Newspapers	269	451	
[illegible]	1,800	437	+3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wellcome	239	443	-2
[illegible]	376	785	+2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Whitbread "A"	200	363	-1
[illegible]	4,300	186½	+3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Williams Hldgs	930	357	+2½
[illegible]	228	628	+1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wimpey	2,200	279	+0

ANALYSIS OF BANK ADVANCES AND ACCEPTANCES[1]

To UK residents by reporting institutions in the UK at May 1989 (Bank of England Quarterly Bulletin)

		Total	Manufacturing industry: Extraction of minerals & ores	Metal manufacturing	Mineral products
Loans and advances 1989	FEB	36,007	742	1,208	1,016
	MAY	38,846	885	1,291	1,200

[illegible]

APPOINTMENTS

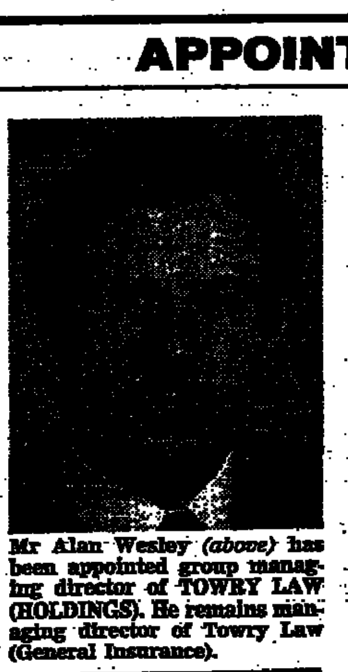
Submarine project director

■ Mr Bernard Rosser has been appointed SSN20 project director by VSEL from August 1. VSEL is prime contractor designate for SSN20, the next generation of nuclear-powered submarines for the Royal Navy. Mr Rosser is strategic planning director at British Aerospace.

■ From January 1, 1990, Mr Jeremy Leigh Pemberton, managing director of WHATMAN REEVE ANGEL, becomes deputy chairman and group chief executive officer; and Mr Colin Knight is made managing director and chief operating officer. Mr Jeff Alpert has been appointed chief executive of Balston division; Mr Arthur Baker chief executive of Whatman Speciality Products; and Mr Lew Metts chief executive of Whatman Laboratory Filtration.

■ FEDERAL EXPRESS, High Wycombe, has appointed Mr John Green as managing director - financial controller for the UK and Ireland region. He was director - financial control, priority services division.

■ Mr David Jaeger has been appointed consultant and actuary with BUCK PATERSON CONSULTANTS. He was London director, Hogg Robinson (Benefit Consultants).



Mr Alan Wesley *(above)* has been appointed group managing director of TOWRY LAW (HOLDINGS). He remains managing director of Towry Law (General Insurance).

■ Mr Andrew Deeks has been appointed to the group management of SAPA HOLDINGS. He is business development manager, chairman of Chadwicks of Bury, and deputy chairman and chief executive office of Plan-It Commercial Products.

■ SOUTH WESTERN ELECTRICITY BOARD has appointed as non-executive directors Mr Charles Fisher, chairman of Sharpe & Fisher; Mr Anthony Hichens, managing director and chief financial officer of Consolidated Gold Fields; and Mr Tony Thatcher, group chief executive, Dowty Group. They will remain with the company when it is privatised.

■ Mr Bryan Kellett, Lloyd's, has been elected president of THE INSURANCE INSTITUTE OF LONDON.

■ Mr Bill Nuttall, chief executive of Linguarama, has joined the board of BPP HOLDINGS following its acquisition of Linguarama. Mr Alan Brierley, a non-executive director, has resigned.

■ GEORGE WIMPEY has appointed Mr John Pritchard as sales and marketing director of Wimpey Leisure. He was a director of Horizon Holidays.

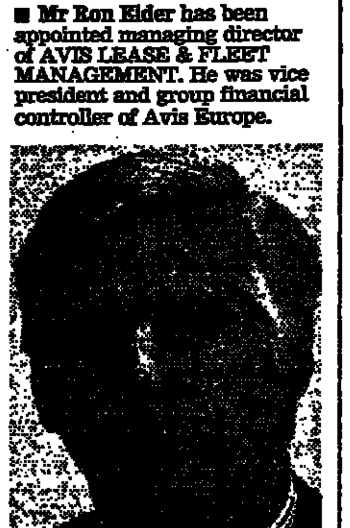
■ Mr Paul Smith has been appointed as managing director of ERSKINE OFFICE SYSTEMS, and will join the board of Erskine House UK.

■ Sir Monty Finniston has been appointed chairman of TRICUSPID.

■ Mr Frank Canosa has been appointed vice president and senior marketing officer, private banking group, BANKERS TRUST COMPANY, London. He was executive director and head of corporate finance - Europe/UK, Bank of America International.

■ REYKER SECURITIES has appointed Mr Jonathan D. Carr as a director responsible for developing the company's personal equity plan and its mergers and acquisitions division. He was corporate finance manager of Thomson T-Line.

■ Mr Ron Elder has been appointed managing director of AVIS LEASE & FLEET MANAGEMENT. He was vice president and group financial controller of Avis Europe.



FOREIGN & COLONIAL VENTURES has appointed Mr Michael Boxford *(above)* to the board. He was with Advent where he was a director. He remains non-executive chairman of Enterprise Systems Group. Mr Robin Peters has been appointed to the Leeds office, and Mr John Binner to Manchester. Mr Andrew Smith has joined as financial controller, and Mr Marcus Hawkins as investment manager.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
20 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	54 07	54.72	58.22	+0.59	4.71
Gilts & Fixed Int	6	111 20	111.20	117 8	-0.1	8.49
High Inc Equity	6	137 0	139.8xd	148 8	+0.5	4.27
Worldwide Bond	6	203.7	203.7	215.8	+1.1	4.49
Capital Growth						
American Growth	6	187.5	189 4	201.5	+2.1	0.95
Asian Pacific	6	99.24	101.1	107 6	+0 7	1.21
Assets & Earnings	6	164 00	167.7	178.5	+0.4	2.07
Capital Reserve Acc	0	86 19	86 19	86.25	..	4.64
Comdty & Energy	6	102 8	102.8	110 0	+0 8	1.73
1992 Enterprise	6	58.99	60 18	64 03	+0 11	2.81
European Capital	6	89.19	89 92	95 67	+0.53	0.78
General	6	186.7	189.9	202.1	+0.5	2.23
International	6	46.71	47.34	50.37	+0.26	0.99
Japan	6	108 8	108 8	116.4	-1.0	0.00
Mastertrust	6	87 44	87.44xd	93.52	+0.32	1.82
UK Growth Acc	6	204.5	212.9	226 5	+0 7	1.24
UK Growth Dist	6	136 4	142.0	151.1	+0 4	1.85
US Emerging Cos	6	53 18	54.79	58 29	+0.34	0 00
Income & Growth	6	311.6	318 0	338 4	+1 7	3.03
Ethical	6	49.75	50.98xd	54.24	+0.07	1.84

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5	31 67	31.67	33.81	+0.27	3.26
European	5¼	66 42	66 60	71.10	+0.34	0 90
European Income	5¼	65 23	65.23xd	69.64	+0 12	2.96
Exempt	1	833.6	833 6xd	870.0	+1 60	2.07
Extra Income	5	45.03	45 03xd	48 07	+0.18	4 64
F East Emrg Econs	5¼	46.71	47.00xd	50.31	-0 18	0.73
Fund Inv Tst	5	127 7	127.7	136.3	+1 10	2.33
Do Accum	5	198 8	198.8	212.2	+1.70	2.33
Gilt & Fixed Int	5¼	21.40	21 40xd	22 85	+0 03	10.56
Income & Growth	5¼	76.54	76 54xd	81 70	+0.31	3.90
Intl Income	5¼	64.06	64 06	68.39	+0.19	5.12

Midland Personal Pension Unit Trust*

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Meridian Income	6	110.6	111.6xd	119.4	+0.2	3.27
(Accum Units)	6	114 6	115 8	123.8	+0 2	3.27
Meridian Growth	6	122.0	122.8xd	131.3	+0.3	1.42
British	6	61.40	62.11	66.07	+0.36	2.29
European Growth	6	59.45	59.58	63.38	-0.07	0.27
Gilt & Fixed	6	50.83	50.86	54.11	+0.15	8.89
Income	6	56 99	57.88	61.57	+0.19	3.33
Japan Growth	6	54 88	55.21	58.73	-0 41	0.00
Managed	6	56 63	57.46	61 13	+0.14	1.95
Money Market	6	52.91	52.91	56.08	+0.01	10.69
North American	6	58.48	59.59	63.39	+0 79	0.23

Midland FSAVCS Unit Trust*

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
British	6	58.01	58.64	62.38	+0.32	2.32
European Growth	6	57.98	58.11	61.82	-0.07	0.27
Gilt & Fixed Int	6	50 01	50 05	53.24	+0.15	8.88
Income	6	57.91	58.82	62.57	+0.19	3.35
Japan Growth	6	57.08	57.42	61.09	-0 43	0.00
Managed	6	55 74	56.56	60.17	+0.13	1.95
Money Market	6	50 99	50.99	54.05	+0 01	10.75
North American	6	58.83	59.95	63.78	+0.81	0.23

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Japan Inc	5	115 80	115 80	123.70		
Japan Acc	5	115.80	115.8	123.90	-0.8	0.00
UK High Inc Eq Inc	5	72.89	72.89xd	78.74	+0.28	5.73
UK High Inc Eq Acc	5	82.95	82.95xd	89.62	+0.33	5.73
Hong Kong Inc	5	39.81	39 81	42.46	+0.06	3.16
Hong Kong Acc	5	41.20	41.20	43.93	+0.06	3.16
Swiss Equities Inc	5	37.17	37.17	39 88	+0.06	1.30
Swiss Equities Acc	5	37.49	37.49	40.23	+0 06	1.20
W'wide Bond Inc	5	52.71	52.71	55.70	-0.05	5.82
W'wide Bond Acc	5	54.43	54.43	57.51	-0.05	5.82
Emerging Asia Inc	5	81.45	81.45	87.29	+0.39	0.00
Emerging Asia Acc	5	81.45	81.45	87.29	+0.39	0.00

Provident Mutual Unit Tst Mgrs Ltd (0905)H
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
PM Equity Gth	5	123.9	126 0	134.0	+0 9	2.58
PM Income & Gth	5	106 6	108.4	115.3	+0.5	4.58
PM Nth Amer Gth	5	56.79	55.79	59.35	+0.83	1.27
PM European Gth	5	57.42	57.42	61.08	-0.17	0.73
PM Japan Gth	5	78.06	78.18	83.17	-0 83	0.29
PM Overseas Gth	5	53.47	53.47	56.88	-0.12	0.46

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ¥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust information pages.

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Windsor Trust Mngrs Ltd (1200)F
83 Kingsway, London, WC2B 6SD 01-405 8331

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Contrbl & Equity	5	63.85	66.86	71.12	+0.12	6.69
European	5	68.69	69.08	73.48	+0.08	0.09
Far Eastern	5	63.87	64.02xd	68.10	+1.0	0.64
Growth Inc	5	90.86	94.11	100.0	+0.36	1.39
Growth Acc	5	90.86	94.11	100.0	+0.36	1.39
Income Inc	5	86.34	88.23	93.86	+0.12	4.54
Income Acc	5	86.34	88.23	93.86	+0.12	4.54
Property Share	5	56.44	56.44	60.16	+0.08	0.98
Smaller Co's	5	59.98	63.16	67.18	-0.11	1.42
Nth American	5	62.80	62.80xd	67.16	+0.81	1.38
International	5	48.37	48.37xd	51.73	+0.27	1.42

Wright Seligman Fund Mngrs Ltd (1000)H
11 Blomfield St, London EC2M 7AY 01-588 0592

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5	109.63	109.63xd	114.63		4.14

Weekly dealing day Tuesday

The Yorkshire Unit Tst Mngrs Ltd (1100)F
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Yorkshire General	5¼	64.81	67.36xd	71.66	+0.34	2.54
YUTM UK Eqty Inc Tst	5¼	61.61	63.67	67.73	+0.35	4.43
YUTM Intl Gwth Tst	5¼	51.40	51.40	54.85	+0.08	1.00

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gr's
Int'l Exmt June 7	485.3	503.8		-

Cent. Bd. of Fin. of Church of England‡‡
2 Fore Street, London EC2Y 5AQ 01-588 1815

	Bid Price	Offer Price	+ or -	Yield Gr's
Inv Fund June 30	518.35			4.73
Fxd Int Sec June 30	138.65			10.31
Deposit June 30	100.00			13.05

Charinco/Charishare‡‡ (1000)F
33 King William Street, EC4R 9AS 01-280 2800

	Bid Price	Offer Price	+ or -	Yield Gr's
C'inco Inc July 5	165.0	169.2	+1.10	10.02
C'inco Acc July 5	677.0	694.0	+4.20	10.02
C'share Inc July 5	156.5	161.1	+4.20	3.80
C'share Acc July 5	170.5	177.1	+4.60	3.80

Charities Official Invest. Fund‡‡
2 Fore Street, London EC2Y 5AQ 01-588 1815

	Bid Price	Offer Price	+ or -	Yield Gr's
Income June 30	493.06			5.01
Accum June 30	1644.04			-

Edinburgh Fund Mngrs PLC

Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gr's
American July 12	142.5	146.2	-0.2	1.95

Albany Life Assurance Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Survivor Metro	118.1	124.3	1.1	-
UK Metro	121.3	127.6	0.4	-
N Am Pn Fd Acc(z)	257.5	271.0	3.4	-
Pac Basin Fd Acc(z)	173.9	183.0	0.9	-
Property(z)	571.3	601.3	0.2	-
Mitple Inv Pens Acc(z)	1487.7	1565.9	3.9	-
Broker Funds				
Prof. Pen. Fd	99.1	104.3		-
YRA Strategy	119.8	126.1		-
Laughton Dollar (SE)	139.2	146.5	-0.5	-

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

	Bid Price	Offer Price	+ or -	Yield Gross
Fixed Int. Dep. Acc	262.6	276.4	+0.2	-
Equity Acc	882.6	929.1	+6.3	-
Property Acc	502.3	528.8	+0.2	-
Far East Acc	205.5	216.4	+0.9	-
European Acc	23.5	24.8		-
Managed Acc	693.1	729.6	+5.0	-
Managed Cap	392.6	413.3	+2.7	-
O'seas Earnings Acc	593.8	625.1	+5.4	-
Gilt Edged Acc	316.9	333.6		-
American Equity Acc	469.0	493.7	+3.8	-
American Man Acc	217.0	228.5	+1.7	-
American Prop Acc	147.7	155.5	+1.5	-
Pen. F.I. Dep Cap	289.7	305.0	+0.2	-
Pen. F.I. Dep Acc	497.8	524.1	+0.5	-
Pen. Prop. Cap	587.7	618.7	+0.2	-
Pen. Prop. Acc	1116.1	1174.9	+0.6	-
Pen. Man. Cap	850.2	895.0	+4.8	-
Pen. Man. Acc	1612.9	1697.8	+9.6	-
Pen. Gilt Edg. Cap	318.3	335.1	+2.2	-
Pen. Gilt Edg. Acc	493.8	519.8	+3.8	-
Pen. Eq. Cap	1401.7	1475.5	+8.9	-
Pen. Eq. Acc	2015.3	2121.4	+13.4	-
Pen. Am. Eq Cap	153.7	161.8	+1.9	-
Pen. Am. Eq Acc	186.2	196.1	+2.4	-
Pen. Far East Cap	246.6	259.6	+0.2	-
Pen. Far East Acc	298.8	314.6	+0.3	-
Pen. Euro Cap	27.4	28.9	-0.1	-
Pen. Euro. Acc	29.9	31.5	-0.1	-
Pen. B.S. Acc	546.4	575.8	+0.6	-
Pen. B.S. Cap	326.8	343.2	+0.2	-
Pen. D.A.F. Acc	382.5	382.5	+0.4	-
Pen. D.A.F. Cap	256.8	256.8	+0.2	-
Pen. Mortgage Cap	146.8	154.6	+0.2	-
Pen. Mortgage Acc	177.9	187.3	+0.2	-
Barings Funds				
Pen Equ Cap	29.5	31.1		-

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INSURANCES

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Continued on next page

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Premium Life Assurance Co Ltd
37-39 Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or –	Yield Gross
American	131.0	138.0	2.0	–
Building Soc. Fd	172.0	182.0	.....	–
Balanced	288.0	304.0	.....	–
European	181.0	191.0	–1.0	–
GT Managed	179.0	189.0	.....	–
Gartmore Mngd	119.0	126.0	.....	–
German	128.0	135.0	–1.0	–
Gilt	184.0	194.0	1.0	–
Global	48.0	51.0	.....	–
High Inc	123.0	130.0	.....	–
International Equity	199.0	210.0	–1.0	–
Japan	242.0	255.0	.....	–
Managed	64.0	68.0	.....	–
Property	283.0	298.0	.....	–
R. W. Imperial Gold	149.0	157.0	.....	–
UK Equity	369.0	389.0	.....	–
Pension Funds				
American	150.0	158.0	.....	–
Building Soc Fd	173.0	183.0	.....	–
Balanced	222.0	234.0	.....	–
European	182.0	192.0	.....	–
German	113.0	119.0	.....	–
Gilt	156.0	165.0	.....	–
International Equity	144.0	152.0	.....	–
Japan	138.0	146.0	.....	–
Managed	66.0	70.0	.....	–
Property	218.0	230.0	.....	–
UK Equity	335.0	353.0	1.0	–

Prolific Life & Pensions Ltd
Stramongate, Kendall, Cumbria LA9 4BE 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or –	Yield Gross
Life Funds				
Balanced Grth Mngd	609.3	641.0	2.3	–
Adventurous Mngd	130.8	137.9	0.1	–
Secure Mngd	111.4	117.4	–0.9	–
Cash Fd.	234.8	247.5	.....	–
Property Fund	238.1	305.5	.....	–
Equity Fund	686.6	723.5	1.8	–
Fxd Int. Fund	302.5	328.8	3.5	–
International	303.9	323.3	0.2	–
High Income	477.0	507.5	3.0	–
Far East	408.5	434.6	–1.2	–
North American	280.7	295.8	2.8	–
Special Sits	651.6	693.2	4.6	–
Technology	250.3	266.5	0.2	–

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Exch 10pc 1989	[illegible]	.....	–	–
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	.....	11.07	13.38
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]	.....	5.09	11.81
[illegible]	[illegible]	Exch 10¼pcCv '89	[illegible]	.....	10.34	12.77
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	.....	12.94	11.95
[illegible]	124	Treas 2pc IL '90(84.6)	[illegible]	[illegible]	2.09	9.98
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	11.07	12.12
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	.....	12.50	12.48
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	[illegible]	3.17	10.10
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	[illegible]	[illegible]	8.51	11.88
[illegible]	[illegible]	Treas. 8pc Cv 1990‡‡	[illegible]	[illegible]	8.22	10.92
[illegible]	[illegible]	Treas. 10pcCv 1990	[illegible]	[illegible]	10.23	11.89
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]	[illegible]	2.72	8.97
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	11.76	11.76
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	6.22	10.64
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	.....	3.35	9.37
[illegible]	[illegible]	Treas 10pc Cv '91‡‡	[illegible]	[illegible]	10.28	11.55
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	11.08	11.34
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	8.59	11.53
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	12.29	10.98
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.24	11.05
[illegible]	91	Treas. 8pc 1992‡‡	[illegible]	[illegible]	8.68	11.35
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.63	10.98
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	.....	3.56	9.26
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	.....	11.86	10.96
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	12.63	10.84
[illegible]	[illegible]	Treas 8¼pc 1993	[illegible]	[illegible]	8.90	10.74
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	10.19	10.61
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]	[illegible]	11.80	10.63
[illegible]	[illegible]	Funding 6pc 1993‡‡	[illegible]	.....	6.99	10.24
[illegible]	[illegible]	Treas 13¾pc 1993‡‡	[illegible]	[illegible]	12.41	10.56
[illegible]	[illegible]	Treas. 8½pc 1994	[illegible]	[illegible]	9.16	10.54
[illegible]	[illegible]	Treas 14½pc 1994‡‡	[illegible]	.....	12.63	10.36
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	12.21	10.60
[illegible]	[illegible]	Treas. 10pc Ln. 1994‡‡	[illegible]	[illegible]	10.16	10.40

Five to Fifteen Years

BRITISH FUNDS—Contd

Over Fifteen Years

Undated

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INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

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Money Market Bank Accounts

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ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

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INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

هكذا من الأصل

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INSURANCES – Contd

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
91	85	Saltire Ins. Invs. γ	88	.....	2.31	1.0	3.6	37.3
279	227	Sedgwick Group 10p α	251	–1	12.0	0.9	6.4	23.9
243	209	Steel Burrill J. 10p β	241	+1	10.0	1.0	5.5	24.6
276	224	Surge Hldgs 20p β	270xd	+2	F15.0	1.8	7.4	14.5
303	247½	Sun Alliance Grp α	298	+3	10.25	–	4.6	–
1140	853	Sun Life 5p α	1093	–2	38.69	–	4.7	–
£71¼	£55¾	Taisho M EDR	£59¾	–1⅛	Q10%	–	0.7	–
£55¼	£16¼	Torchmark $1.00	£26	+⅛	Q$1.20	–	2.4	–
167	150	Trade Indemnity Grp. γ	165	–1	1.4	–	1.1	–
£28¼	£19	Travelers $1.25	£26¼	+¼	$2.40	–	5.7	–
£22¼	£15¾	USF & G Corp $2.50	£20½	+⅛	Q$2.80	–	8.6	–
£29⅜	£18⅞	USLIFE Corp. $1.0	£29¼	+¼	Q$1.40	–	3.0	–
793	503	Utd Friendly B 10p γ	740	–5	31.25	2.4	5.6	8.7
265	216	Willis Faber 12½p α	232	–1	11.46	1.2	6.6	16.9
48	40	Windsor 10p γ	47	+1	–	–	–	88.0

LEISURE

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
10	7	A & M Group 10p γ	7½	.....	–	–	–	–
£87½	£77½	Do 10pc Cv Bds Ln 1998 γ	£77½	.....	10%	–	17.2	–
170	143	Airtours 10p γ	163	.....	†6.25	3.2	5.1	7.4
300	195	Anglia TV β	273	.....	†7.75	3.5	3.8	10.6
*158	109	Aweco 1p β	157	+2	q1.13	8.9	1.0	13.7
34	25	BCE Hldgs 5p γ	25	–1	1.0	0.9	5.3	27.9
375	275	Barr & W.A.T. 'A' γ	370	.....	15.0	1.7	5.4	14.9
22	11	Bond Media	11	.....	02c	–	8.8	–
540	225	Boosey & Hawkes γ	520	.....	10.0	2.5	2.6	20.5
54	35	Border T.V. γ	48	.....	†1.7	2.5	4.7	11.3
403	317	Brent Walker 10p β	398	–1	11.0	◆	3.8	◆
117	87	Do 6pc.Cv.Cm. Rd Pf γ	110	–1	6.0	–	7.3	–
344	245	Campari Int. 20p γ	291	+8	8.5	3.9	3.9	7.6
878	504	Capital Radio 10p β	797	.....	†10.0	3.6	1.7	21.9
912	662	Carlton Communics. α	828	–1	†7.5	5.2	1.2	22.2
418	268	Castle Comms. 5p γ	415	.....	†7.2	2.1	2.3	24.9
799	579	Central TV β	783	–1	25.5	2.5	4.3	11.9
248	126	Chrysalis γ	169xd	.....	a3.43	0.1	2.7	–
204½	101	Cityvision 5p β	204	+2	1.0	6.8	0.7	25.3
38	17	Classic TV Invests £0.20 γ	18	.....	–	–	–	–
368	258	Compass Group 5p β	357	.....	†17.2	2.7	2.7	18.4
102½	69½	European Leisure γ	98	.....	t0.62%	29.9	0.1	36.6
110	68	Ex Lands 10p γ	78	.....	0.5	–	0.9	–
*117	95	Expeditor Leis. 20p γ	111	–1	–	–	–	30.3

[illegible]

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
74	56	Rentaminster 5p γ	70	.....	F2.0	4.3	3.8	16.4
220	175	Royal Sovereign 10p γ	215	–5	5.5	3.2	3.4	12.0
21½	16	Scott Pickford 10p γ	16xd	+½	0.38	◆	3.1	◆
160	95	Seacon Hldgs γ	151	+7	2.5	6.1	2.2	9.4
*17½	5½	Stats Hldgs. 5p γ	9xr	.....	–	–	–	13.0
*3¼	1¾	Swanyard Studios 1p γ	2¾	.....	–	–	–	◆
11	7	Systems Connections 2½p γ	8	–½	–	–	–	10.5
43	37	Tavern Leis. 20p γ	40	.....	–	–	–	–
93	28	Tomorrows Leisure 20p γ	91	–1	–	–	–	45.3
19	11	Tullow Oil 10p γ	15½	.....	–	–	–	–
113	85	UPL Group 10p γ	85	–3	2.75	◆	4.3	◆
150	135	Unit Group γ	145	+2	5.0	◆	4.6	◆
14	5	Vista Ems 5p γ	9½	+½	–	–	–	–
40	35	Vizcaya Hldgs 5p γ	35	.....	–	–	–	–
39½	23	Whitegate Leisure 20p γ	39½	+1	–	–	–	–
26	10	Do. Wrrnts γ	26	+1½	–	–	–	–
10¼	5	Wilton Group 1p γ	8½	.....	–	–	–	–

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
36	24	Aitch Hldgs. 20p γ	29	.....	–	–	–	–
383	313	Allied Textile β	382	.....	10.6	2.8	3.7	13.0
336	218	Atkins Bros.	220	.....	11.0	2.2	6.7	9.2
260	228	Beales (J.) 20p γ	245	.....	†6.3	4.0	3.4	9.3
90	82	Beckman A 10p γ	88	.....	b4.78	1.5	7.2	12.0
219	195	Brit. Mohair γ	205	+2	8.0	3.2	5.2	7.9
385	263	Courtaulds α	380	–1½	13.0	2.3	4.6	10.9
238½	196	Dawson Intl β	254	–2	8.6	2.0	4.9	13.0
107	79½	Drummond Group γ	81	.....	3.7	◆	6.3	◆
172	129	Early's Witney 10p γ	159	–2	1.32	0.5	1.1	–
141	130	Fabpel Trading 5p γ	131	.....	14.87	2.4	5.0	10.0
*170	128	Foster (John) γ	161	+1	5.5	3.6	4.6	7.7

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
111	90	River & Merc Am Inc 10p γ	111	+1	H6.88	1.2	8.4
28½	16	Do. Cap 10p γ	27½	+½	–	–	–
13	6	Do. Warrants 10p γ	12	.....	–	–	–
112	99	Riv & Mer Cd Inc 50p γ	102	.....	u6.7	1.0	8.8
22	16	Do. Prf 5p γ	21	+1	–	–	–
116	95	Riv & Mer Inc 12½p γ	103	.....	H7.05	–	9.1
102	46	Do. Cap 12½p γ	102	+3	–	–	–
35	12	Do. Warrants 12½p γ	35	.....	–	–	–
105¼	97½	Do. Stepped Prf. 12½p γ	99	.....	H4.63	–	6.2
110	91	River Plate Inc. γ	98	–1	F7.34	1.4	10.0
71	43	Do Cap.	71	.....	–	–	–
23	9	Do Warrants γ	28	–1	–	–	–

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
52	38	Nth Sea Geo. β	39	.....	1.0	1.2	3.4	(31.1)
£19⅛	£13⅛	Occidental Pet. 20c	£17¾	+⅛	Q$2.50	–	8.5	–
29½	17	Ohio Res	19¼	+¼	–	–	–	–
4½	2	Pan Pacific Pet.	3	.....	–	–	–	–
87	49	Petrocon 12½p γ	77	+1	–	–	–	◆
£244	£182¼	Petrofina SA	£194⅞	–1⅛	BFr400	2.5	3.3	7.6
9½	5½	Petrogen Petroleum γ	8	+½	◆	–	–	–
*220	95½	Pict. Pet. 5p γ	114	.....	–	–	–	–
109½	63½	Premier Cons. 5p β	109	.....	–	◆	–	36.4
366	275	Ranger Oil	338	+10	–	–	–	–
£40⅛	£31⅛	Royal Dutch F15	£40⅛	+⅛	Q142%	1.7	4.9	11.7
15⅛	10	Sandpiper Oil	18¼	.....	–	–	–	–

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
3	2	Swan Res 20c	2	.....	–	–	–
272	224	Westn. Mining 50c	262	+4	tQ23c	1.4	4.3

Tins

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
45	35	Ayer Hitam SM1	45	.....	hh053.3c	0.7	‡
75	38	Gopeng Berhad M$0.50	75	.....	Q10c	2.0	3.1
84	47	Malaysia Mng. 10c	74	–3	Q5c	4.0	1.5
180	120	Petaling SM1	180	.....	Q87c	1.0	11.0
150	90	Sungei Besi SM1	125xd	.....	Q70c	1.4	12.7
90	90	Tanjong 15p	90	.....	–	–	–

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‡ No par value

B.Fr. Belgian Francs. Fr. French Francs ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p γ	97	.....
Craig & Rose £1 γ	820	+10
Finlay Pkg. 5p γ	88	+2
Holt (Jos) 25p γ	1343	+18

IRISH

Stock	Price	+ or –
Cap 8½% Ln. 1991 γ	£98½	.....
9pc Cap Ln. 1996 γ	£101¼	+¼
Fin. 13% 97/02 γ	£121½	.....
Arnotts γ	410	–10
Carrol (P.J.) γ	155	.....
Hall (R. & H.) γ	170	.....
Heiton Hldgs γ	88	.....
Irish Ropes γ	203	.....
United Drug γ	135	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons γ	38
Amstrad γ	11
BAT γ	45
BOC Grp γ	42
BSR γ	6½
BTR γ	32
Barclays γ	42
Beecham γ	50
Blue Circle γ	48
Boots γ	25
Bowaters γ	44
Brit Aerospace γ	52
British Steel γ	7½
Brit. Telecom γ	21
Burton Ord γ	18
Cadburys γ	31
Charter Cons. γ	48
Comm Union γ	32
Courtaulds γ	30
FKI Babcock γ	14
FNFC γ	22
Gen Accident γ	85
GEC γ	20
Glaxo γ	110
Grand Met γ	48
GUS 'A' γ	90
Guardian γ	18
GKN γ	34
Hanson γ	16
Hawker Sidd γ	60
ICI γ	100
Jaguar γ	28
Ladbroke γ	28
Legal & Gen γ	26
Lex Service γ	93
Lloyds Bank γ	29
Lucas Inds γ	58
Marks & Spencer γ	15
Midland Bk γ	38
Morgan Grenfell γ	24
Nat West Bk γ	25
P & O Dfd γ	55
Plessey γ	22
Polly Peck γ	26
Racal Elect γ	48
RHM γ	42
Rank Org Ord γ	80
Reed Intl γ	34
STC γ	32
Sears γ	10
TI γ	38
TSB γ	10
Tesco γ	14
Thorn EMI γ	58
Trust Houses γ	24
T&N γ	18
Unilever γ	46
Vickers γ	18
Wellcome γ	42

Property	p
Brit Land γ	32
Land Securities γ	52
MEPC γ	50
Randsworth γ	28

Oils	p
Brit Petroleum γ	22
Burmah Oil γ	50
Calor γ	35
Charterhall γ	2½
Premier γ	9
Shell γ	32
Ultramar γ	26

Mines	p
Cons Gold γ	100
Lonrho γ	30
RTZ γ	40

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar cautious but firmer

THE DOLLAR finished towards the lower end of the day's range yesterday but still managed to show a small gain over Friday's closing levels. Opening dollar quotations saw the US unit move firmer in reaction to a decision on Friday by the US Federal Reserve to drain funds from the money market. This was taken as an indication of Fed displeasure at the extent of downward pressure on US interest rates.

Recent economic data suggested that growth in the US may be slowing, but the authorities will want to be satisfied of a similar slow down in inflation before sanctioning a further reduction in interest rates.

The dollar opened on a firm note in London despite intervention by the Bank of Japan in Tokyo. Much of the earlier strength was based on short covering, as investors moved to cover positions taken in the hope that the dollar would fall.

However, the US unit failed to break through chart resistance at DM1.9170, and with the start of trading in New York providing no fresh momentum, investors started to unwind any long positions as tension rose ahead of the release today of US trade figures for May.

The dollar closed at DM1.9065 from DM1.9030 and Y141.55 compared with Y140.45. Elsewhere, it finished at SFr1.6470 from SFr1.6450 and FFr6.4650 against FFr6.4575. On Bank of England figures, the dollar's exchange rate index rose to 70.6 from 70.1.

US business inventories in May rose by 0.7 per cent, broadly in line with a median forecast. But many traders were too busy adjusting their positions ahead of today's trade figures to pay too much attention.

Sterling was helped by a larger than expected fall in June retail sales and also attracted investor interest as a high yielding deposit base ahead of today's US figures. Retail sales fell by 1.8 per cent compared with expectations centring on a 0.5 per cent fall. The decline was also in marked contrast to a 3.0 per cent increase in May, and added to the growing feeling that the Government's high interest rate policy is beginning to trim back consumer spending.

At the same time, there appears to be little chance of any early reduction in interest rates, hence the pound's attraction. Its exchange rate index rose to 92.2 from 91.9 at the opening and 92.0 on Friday.

Against the dollar, sterling rose to $1.6145 from $1.6120. It was also higher against the D-Mark at DM3.0775 from DM3.0675 and Y228.50 from Y226.50. Elsewhere, it finished at SFr2.6600 from SFr2.6525 and FFr10.4375 against FFr10.4100.

The D-Mark lost ground against the French franc to finish at FFr3.3910 from FFr3.3930 on Friday. However, it managed to show an improvement against the yen to Y74.25 from Y73.83. Confidence in the yen remains low ahead of Sunday's elections to the Japanese Upper House. These are expected to show a sharp reduction in support for the ruling Liberal Democratic Party.

£ IN NEW YORK

July 17	Latest	Previous Close
£ Spot	1.6100-1.6110	1.6058-1.6068
1 month	0.66-0.65pm	0.65-0.63pm
3 months	1.85-1.82pm	1.90-1.85pm
12 months	7.40-7.30pm	6.90-6.70pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 17	Previous
8.30 am	91.9	91.9
9.00 am	91.9	91.9
10.00 am	91.9	91.9
11.00 am	91.9	92.0
Noon	92.0	92.0
1.00 pm	92.3	92.0
2.00 pm	92.2	92.0
3.00 pm	92.2	91.9
4.00 pm	92.2	92.0

CURRENCY RATES

July 17	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Austrian Sch.	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]	[illegible]
Neth. Guilder	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]
Japanese Yen	[illegible]	[illegible]	[illegible]
Norway Krone	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]
Swedish Krona	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]
Greek Drach.	[illegible]	[illegible]	[illegible]
Irish Punt	[illegible]	[illegible]	[illegible]

§ Sterling quoted in terms of SDR and ECU per £. † European Commission Calculations. * All SDR rates are for July.14

CURRENCY MOVEMENTS

July 17	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.2	-19.2
U.S. Dollar	70.6	-7.6
Canadian Dollar	103.6	+0.1
Austrian Schilling	106.8	+9.9
Belgian Franc	106.2	-5.8
Danish Krone	103.6	-1.2
Deutsche Mark	113.0	+20.8
Swiss Franc	107.2	-16.3
Guilder	110.4	+13.5
French Franc	99.4	-15.4
Lira	99.0	-19.1
Yen	138.7	+70.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) **Rates are for July.14

OTHER CURRENCIES

July 17	£	$
Argentina	[illegible]	[illegible]
Australia	[illegible]	[illegible]
Brazil	[illegible]	[illegible]
Finland	[illegible]	[illegible]
Greece	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]
Iran	[illegible]	[illegible]
Korea(Sth)	[illegible]	[illegible]
Kuwait	[illegible]	[illegible]
Luxembourg	[illegible]	[illegible]
Malaysia	[illegible]	[illegible]
Mexico	[illegible]	[illegible]
N. Zealand	[illegible]	[illegible]
Saudi Ar.	[illegible]	[illegible]
Singapore	[illegible]	[illegible]
S. Af (Cm)	[illegible]	[illegible]
S. Af (Fn)	[illegible]	[illegible]
Taiwan	[illegible]	[illegible]
U.A.E.	[illegible]	[illegible]

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July.17	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.3898	+2.19	+0.94	±1.5424
Danish Krone	7.85212	8.05117	+2.56	+1.31	±1.6419
German D-Mark	2.05853	2.07284	+0.70	-0.55	±1.1019
French Franc	6.90403	7.03237	+1.86	+0.61	±1.3719
Dutch Guilder	2.31943	2.33733	+0.77	-0.48	±1.5019
Irish Punt	0.768411	0.774908	+0.85	-0.40	±1.6689
Italian Lira	1483.58	1503.20	+1.32	+0.68	±4.0815
Spanish Peseta	133.804	N/A	N/A	-	-

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

July.17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6015 - 1.6150	1.6140 - 1.6150	0.69-0.66cpm	5.02	1.88-1.84pm	4.61
Canada	1.9085 - 1.9260	1.9220 - 1.9230	0.30-0.20cpm	1.56	0.71-0.58pm	1.34
Netherlands	3.45¾ - 3.47½	3.46¼ - 3.47¼	2⅛-2cpm	7.13	5⅜-5¼pm	6.34
Belgium	64.15 - 64.65	64.35 - 64.45	33-31cpm	5.96	85-81pm	5.16
Denmark	11.92 - 12.01	11.98¼ - 11.99¼	4⅝-4¼orepm	4.44	12⅜-11⅝pm	4.00
Ireland	1.1455 - 1.1535	1.1530 - 1.1540	0.50-0.45cpm	4.94	1.20-1.10pm	4.13
W. Germany	3.06½ - 3.02¼	3.07½ - 3.08	2-1⅞pfpm	7.55	5¼-4⅞pm	6.50
Portugal	256.10 - 258.60	257.60 - 258.60	2-36cdis	-0.88	119-203dis	-2.50
Spain	192.35 - 194.20	193.00 - 193.30	6-15cdis	-0.65	51-71dis	-1.26
Italy	2223¼ - 2234¼	2228½ - 2229½	4½-4⅛lirepm	2.39	9-7pm	1.44
Norway	11.23¾ - 11.33	11.29¾ - 11.30¾	3⅛-2¾orepm	3.12	7⅞-6¼pm	2.50
France	10.40 - 10.45¾	10.43¾ - 10.44¾	4⅞-4⅝cpm	5.10	11⅞-11⅜pm	4.46
Sweden	10.45¾ - 10.53½	10.50¼ - 10.51¼	2¼-2⅛orepm	2.21	5¼-4¾pm	1.90
Japan	227 - 229	228 - 229	1⅞-1⅝ypm	9.19	4⅝-4½pm	7.99
Austria	21.58 - 21.71	21.66 - 21.69	11¼-10⅛gropm	5.92	32⅛-29⅝pm	5.67
Switzerland	2.65 - 2.66½	2.65½ - 2.66½	1⅝-1½cpm	7.05	4½-4¼pm	6.48
ECU	1.4825 - 1.4875	1.4860 - 1.4870	0.65-0.62cpm	5.13	1.66-1.61pm	4.40

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 64.60-64.70 Six-month forward dollar 3.60-3.55cpm 12 months 6.75-6.65cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

July 17	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6015 - 1.6150	1.6140 - 1.6150	0.69-0.66cpm	5.02	1.88-1.84pm	4.61
Ireland†	1.3955 - 1.4030	1.4020 - 1.4030	0.01pm-0.04cdis	-0.13	0.22-0.12pm	0.49
Canada	1.1900 - 1.1925	1.1915 - 1.1925	0.33-0.36cdis	-3.48	0.96-1.01dis	-3.31
Netherlands	2.1495 - 2.1605	2.1495 - 2.1505	0.39-0.37cpm	2.11	0.93-0.89pm	1.69
Belgium	39.85 - 40.15	39.85 - 39.95	3.50-2.00cpm	0.82	6.00-3.50pm	0.47
Denmark	7.41¾ - 7.44½	7.42¼ - 7.42¾	0.25-0.50oredis	-0.61	0.95-1.35dis	-0.62
W. Germany	1.9060 - 1.9165	1.9060 - 1.9070	0.38-0.35pfpm	2.29	0.91-0.87pm	1.86
Portugal	160.00 - 160.20	160.00 - 160.10	70-90cdis	-6.00	265-315dis	-7.25
Spain	119.85 - 120.30	119.85 - 119.95	55-65cdis	-6.00	180-190dis	-6.17
Italy	1380¼ - 1388¼	1380¼ - 1381¼	3.40-3.90liredis	-3.16	10.90-11.60dis	-3.25
Norway	6.99¾ - 7.01¾	6.99¾ - 7.00¼	1.00-1.25oredis	-1.93	3.60-3.90dis	-2.14
France	6.46¼ - 6.50	6.46¼ - 6.46¾	0.05pm-parpm	0.05	0.25-0.40dis	0.20
Sweden	6.51 - 6.52¼	6.50½ - 6.51	1.35-1.50oredis	-2.62	4.35-4.60dis	-2.75
Japan	141.30 - 142.05	141.50 - 141.60	0.50-0.48ypm	4.15	1.24-1.22pm	3.47
Austria	13.43½ - 13.47¼	13.43½ - 13.44	1.05-0.35groprn	0.62	4.20-2.70pm	1.03
Switzerland	1.6450 - 1.6565	1.6465 - 1.6475	0.33-0.30cpm	2.29	0.80-0.75pm	1.87
ECU	1.0840 - 1.0985	1.0845 - 1.0855	0.03-0.13cdis	-0.88	0.80-0.55pm	2.49

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.00-40.10.

EURO-CURRENCY INTEREST RATES

July.17	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅛-13⅞	14-13⅞	13⅞-13¾	13⅞-13¾	13¾-13⅝	13½-13⅜
US Dollar	9¼-9⅛	9¼-9⅛	9⅛-9	8⅞-8¾	8⅝-8½	8⅝-8½
Can. Dollar	12¼-12½	12¼-11⅞	12¼-11⅞	12¼-11⅞	11¾-11½	11¼-11
D. Guilder	7⅛-6⅞	7⅛-6⅞	7⅛-6⅞	7⅛-7	7⅛-7⅛	7⅜-7¼
Sw. Franc	7⅛-7	7⅛-7	7⅛-6⅞	7⅛-6⅞	7-6⅞	6⅞-6¾
Deutschmark	7-6⅞	7-6⅞	6⅞-6¾	7-6⅞	7-6⅞	7-6⅞
Fr. Franc	9⅛-9	9⅛-9	9⅛-9	9⅛-9	9⅛-9	9⅛-9
Italian Lire	11-9	13-12	12⅛-11⅞	12⅛-11⅞	12⅛-11⅞	12⅞-12⅛
B. Fr. (Fin)	8¼-8⅛	8½-8¼	8⅞-8½	8⅞-8½	8⅞-8⅝	8⅞-8⅝
B. Fr. (Con)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8⅜-8⅝ per cent; three years 8⅝-8⅞ per cent; four years 8⅞-8⅜ per cent; five years 8⅝-8⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 17	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.615	3.078	228.5	10.44	2.660	3.473	2229	1.923	64.40
$	0.619	1	1.906	141.5	6.464	1.647	2.150	1380	1.191	39.88
DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
H Fl.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Prices up after retail sales

SHORT STERLING futures attracted much of the attention in yesterday's Liffe market, moving just five ticks higher in the September contract to finish at 86.53 from 86.48 on Friday. However, the contract opened on a softer note at 86.45, and it was only after the release of declining UK retail sales figures that sentiment started to turn better.

Nevertheless, the extent of any appreciation - the contract is already discounting a half point reduction in base rates - is likely to be limited because the chances of a corresponding fall in cash rates seems unlikely in the short term. Unless the economic picture changes markedly, most traders see little chance of a reduction in base rates before delivery of the September contract. Trading volume was brisk with over 25,000 lots changing hands.

Long gilt futures were also relatively active with nearly 15,000 contracts traded. The September price moved up in at 96-02 from 95-29 on Friday.

Trading in US Treasury bonds and Euro-dollars was extremely subdued as investors await the release of US May trade figures today.

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

LIFFE EURO FUTURES OPTIONS
DM250,000 points of 100%

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Sep	96-02	96-10	95-29	95-29
Dec	95-25	96-07	95-29	95-19

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

7-10 YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

US TREASURY BONDS 8%
$100,000 32nds of 100%

6% NOTIONAL GERMAN GOV. BOND
DM250,000 100ths of 100%

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Sep	86.53	[illegible]	[illegible]	86.48
Dec	[illegible]	[illegible]	[illegible]	87.28
Mar	[illegible]	[illegible]	[illegible]	87.91
Jun	[illegible]	[illegible]	[illegible]	88.27

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Sep	[illegible]	[illegible]	[illegible]	91.54
Dec	[illegible]	[illegible]	[illegible]	91.93
Mar	[illegible]	[illegible]	[illegible]	92.22
Jun	[illegible]	[illegible]	[illegible]	92.20

THREE MONTH EURO DM
DM 1m points of 100%

	Close	High	Low	Prev.
Sep	[illegible]	[illegible]	[illegible]	93.24
Dec	[illegible]	[illegible]	[illegible]	93.33
Mar	[illegible]	[illegible]	[illegible]	93.43
Jun	[illegible]	[illegible]	[illegible]	93.47

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sep	[illegible]	[illegible]	[illegible]	2304.0
Dec	[illegible]	[illegible]	[illegible]	2349.0

POUND-$ FOREIGN EXCHANGE

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6145	1.6078	1.5959	1.5788	1.5475

IMM-STERLING $ per £

	Latest	High	Low	Prev.
Sep	[illegible]	[illegible]	[illegible]	1.5924
Dec	[illegible]	[illegible]	[illegible]	1.5734
Mar	[illegible]	[illegible]	[illegible]	1.5554

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
Sep	[illegible]	[illegible]	[illegible]	0.7242
Dec	[illegible]	[illegible]	[illegible]	0.7190
Mar	[illegible]	[illegible]	[illegible]	0.7243

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
Sep	[illegible]	[illegible]	[illegible]	0.5247
Dec	[illegible]	[illegible]	[illegible]	0.5268
Mar	[illegible]	[illegible]	[illegible]	0.5288

U.S. TREASURY BILLS (IMM) $1m points of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Sep	[illegible]	[illegible]	[illegible]	91.49
Dec	91.61	91.65	91.61	91.84
Mar	91.70	91.73	91.70	91.74
Jun	91.57	91.60	91.57	91.61

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep	0.6072	0.6079	0.6065	0.6079
Dec	0.6094	0.6100	0.6090	0.6095
Mar	0.6115	-	0.6115	0.6120

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sep	334.75	335.20	334.10	335.45
Dec	338.70	339.15	338.10	339.40
Mar	342.30	-	342.40	343.25

BASE LENDING RATES

	%		%		%
ABN Bank	14	Clydesdale Bank	14	NatWestminster	14
Adam & Company	14	Comm. Bk. N. East	14	Northern Bank Ltd	14
AAB - Allied Arab Bk	14	Co-operative Bank	*14	Norwich Gen. Trust	14
Allied Irish Bank	14	Coutts & Co	14	PRIVATbanken Limited	14
● Henry Ansbacher	14	Cyprus Popular Bk	14	Provincial Bank PLC	15
Associates Cap Corp	14	Dunbar Bank PLC	14	R. Raphael & Sons	14
Authority Bank	14	Duncan Lawrie	14	Roxburghe G'rantee	14½
● B & C Merchant Bank	14	Equatorial Bank plc	14	Royal Bk of Scotland	14
Bank of Baroda	14	Exeter Trust Ltd	14½	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	Financial & Gen. Bank	14	● Smith & Williamson Secs.	14
Bank Hapoalim	14	First National Bank Plc.	15	Standard Chartered	14
Bank Credit & Comm	14	● Robert Fleming & Co.	14	TSB	14
Bank of Cyprus	14	Robert Fraser & Ptnrs.	14½	United Bk of Kuwait	14
Bank of Ireland	14	Girobank	14	United Mizrahi Bank	14
Bank of India	14	● Guinness Mahon	14	Unity Trust Bank Plc	14
Bank of Scotland	14	HFC Bank plc	14	Western Trust	14
Banque Belge Ltd	14	● Hambros Bank	14	Westpac Bank Corp.	14
Barclays Bank	14	Heritable & Gen Inv Bnk	14	Whiteaway Laidlaw	14
Benchmark Bank PLC	14	● Hill Samuel	§14	Yorkshire Bank	14
Berliner Bank AG	14	C. Hoare & Co.	14		
Brit Bk of Mid East	14	Hongkong & Shangh	14		
● Brown Shipley	14	● Leopold Joseph & Sons	14		
Business Mtge Tst	14½	Lloyds Bank	14		
CL Bank Nederland	14	Meghraj Bank Ltd	14		
Central Capital	14	McDonnell Douglas Bnk	14		
● Charterhouse Bank	14	Midland Bank	14		
Citibank NA	14	Mount Banking	14		
City Merchants Bank	14	Nat Bk. of Kuwait	14		

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EUROPEAN OPTIONS EXCHANGE

Series		Aug. 89 Vol	Aug. 89 Last	Nov. 89 Vol	Nov. 89 Last	Feb. 90 Vol	Feb. 90 Last	Stock
Gold C	$ 370	50	8.50 b			2	28	$ 371.20
Gold P	$ 360	50	[illegible]	130	5.90			$ 371.20

TOTAL VOLUME IN CONTRACTS : 56,083

A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Short dates higher

SHORT-TERM UK interest rates were slightly higher yesterday, partly in response to a very large shortage of day-to-day liquidity, while longer term rates fell on a bigger than expected fall in June UK retail sales.

Most rates opened on a firmer note as dealers took the view that Friday's bullish tone may have been a little overdone. But the drop in retail sales only affected the longer end of the market; one year money finished lower at 13¼-13⅛ per cent from 13⅜-13¼ per cent. However the three-month rate was slightly higher at 13⅞-13¾ per cent from 13¾-13⅝ per cent.

UK clearing bank base lending rate 14 per cent from May 24

The Bank of England forecast a shortage of around £1,250m. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of any late assistance draining £850m. Exchequer transactions took out a further £970m. These were partly offset by a fall in the note circulation of £490m and banks' balances brought forward £80m above target.

To help alleviate the shortage, the Bank offered an early round of assistance but gave no help. The forecast was revised to a shortage of around £1,650m, and the Bank gave assistance later in the morning of just £72m through outright purchases of eligible bank bills in band 1 at 13⅞ per cent.

Afternoon help came to £1,344m, and comprised outright purchases of eligible bank bills in band 1 at 13⅞ per cent. Late assistance came to £210m, making a total of £1,626m.

In Paris, the Bank of France left its intervention rates unchanged when adding a net FFr6.6bn of fresh liquidity at yesterday's sale and repurchase tender. A total of FFr55.1bn was allocated, against maturing agreements which drained FFr48.5bn. Successful applicants receive their allocations today, coinciding with the maturing facilities.

In Frankfurt, call money rose to just below the 7 per cent Lombard rate as tax payments continued to drain liquidity. Funds are likely to remain in short supply at least until the next Bundesbank sale and repurchase tender, due tomorrow. This will coincide with an expiring repurchase facility which will drain DM18.5bn.

In New York, the US Federal Reserve drained reserves from the money market through three-day matched sales. At the time, overnight Fed funds were trading at 9⅛ per cent from 9⅞ on Friday.

FT LONDON INTERBANK FIXING

(11.00 a.m. July.17) 3 months US dollars: bid 8⅞ offer 8⅞ — 6 months US Dollars: bid 8⅝ offer 8⅝

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Treasury Bills and Bonds

Lunchtime				
Prime rate	10½	Two month	8.20	Three year 7.84
Broker loan rate	10½	Three month	8.10	Four year 7.85
Fed.funds	9¼	Six month	8.05	Five year 7.85
Fed.funds at intervention	9¼	One year	7.92	7 year 8.03
		Two year	7.82	10-year 8.05
				30-year 8.11

July.17	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	6.90-7.00	6.80-6.90	6.85-6.95	6.85-7.00	6.90-7.05	7.00
Paris	9⅛	9⅛-9¼	9⅛-9¼	9⅛-9¼	9⅛-9¼	8.75
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10-10¼

LONDON MONEY RATES

July.17	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15	14⅛	13⅞	13⅞	13¾	13½
Interbank Bid	13	13⅞	13¾	13¾	13⅝	13⅜
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

COMPANY NOTICES

VOLKSWAGEN
Aktiengesellschaft
Wolfsburg

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 13th July, 1989 a dividend for the year ended 31st December, 1988 will be paid, as from 14th July, 1989 at the rate of DM10.00 per share of DM50 nominal against presentation of coupon No. 27 and DM11.00 per preferred share of DM50 nominal against presentation of coupon No. 2.

All payments will be subject to a deduction of German capital yields tax at 25%.

Coupons should be lodged with:—
S.G. Warburg & Co. Ltd.
Paying Agency, 2 Finsbury Avenue, London EC2M 2PA
from whom appropriate claim forms can be obtained.

Coupons will be paid at the rate of exchange on the day of presentation.

United Kingdom income tax will be deducted at the rate of 10% unless claims are accompanied by an affidavit.

German capital yields tax deducted in excess of 15% is recoverable by United Kingdom residents, provided that the capital yields are taxable in the United Kingdom. The Company's United Kingdom paying agent will, upon request, provide shareholders or their agents with the appropriate form for such recovery. As to the remaining capital yields tax, a tax credit will be allowed against United Kingdom income tax on the dividends according to the UK/German Taxation Agreement.

Wolfsburg, July 1989 The Board of Management

To the Holders of

SHIN-ETSU POLYMER CO., LTD.

U.S. $60,000,000

4⅛ per cent. Guaranteed Notes 1993 with Warrants

NOTICE OF ADJUSTMENT OF SUBSCRIPTION PRICE

Pursuant to Clause 4 (A) and (B) of the Instrument dated June 9, 1988 under which the Warrants to subscribe for shares of Shin-Etsu Polymer Co., Ltd. were issued, you are hereby notified that the Company is subdividing its outstanding shares at the ratio of 1 to 10 and that the par value of the shares will be changed from 500 Japanese Yen to 50 Japanese Yen, effective on August 10, 1989. Pursuant to the regulations of the Tokyo Stock Exchange, trading of the shares on the Tokyo Stock Exchange will be suspended during the period from August 3, 1989 to August 11, 1989.

As a result of such subdivision, the Subscription Price at which shares are issuable upon exercise of said Warrants will be adjusted pursuant to Condition 7 of the Warrants, from 7,173.40 Japanese Yen per share of common stock to 717.30 Japanese Yen per share of common stock, effective as of August 10, 1989.

SHIN-ETSU POLYMER CO., LTD.
by: Dai-Ichi Kangyo Trust Company of New York as Disbursement Agent

Dated: July 18, 1989

DAIICHI PHARMACEUTICAL CO., LTD.
(Previously known as "Daiichi Seiyaku Co., Ltd.")

Notice to Bondholders and Warrantholders of U.S.$150,000,000 4¾ per cent. Bonds 1993 with Warrants of Daiichi Pharmaceutical Co., Ltd. (the "Company")

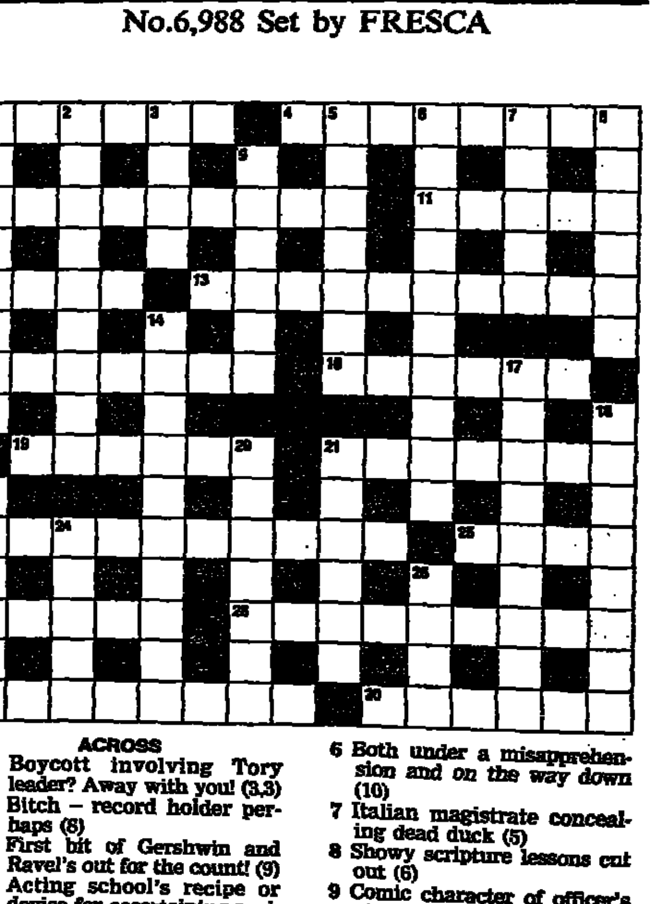
NOTICE IS HEREBY GIVEN that by a resolution adopted at the annual general meeting of the shareholders of the Company held on 29th June, 1989, the English name of the Company has been changed effective on 29th June, 1989 from Daiichi Seiyaku Co., Ltd. to:

DAIICHI PHARMACEUTICAL CO., LTD.

JOTTER PAD

CROSSWORD

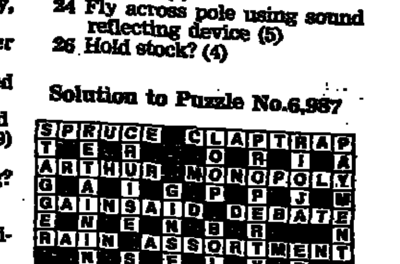
No.6,988 Set by FRESCA



ACROSS
1 Boycott involving Tory leader? Away with you! (3,3)
4 Bitch – record holder perhaps (8)
10 First bit of Gershwin and Ravel's out for the count! (9)
11 Acting school's recipe or device for ascertaining positions (5)
12 Four ways to become a composer (4)
13 Mischief: result – ship in mess (10)
15 Ring attached to cog-wheel may be held with confidence (7)
16 American soldier, German engineer, Italian painter (6)
19 A dog born to a bird? (6)
21 Managed to discharge rifle (7)
23 Keeping away from money, though in want (10)
25 Gush out of one's pewter tankard? (4)
27 Gasteropod study presented by child (5)
28 Returning silver – not gold – to a king in Polynesia (9)
29 Teams up? (8)
30 A goddess died – laughing? (6)

DOWN
1 Wild goat gollops up medicine and its container (8)
2 Argentine-produced fruit (9)
3 One with antiquated notions of returning extremely gracefully (4)
5 Being inclined to take fish – eel in gelatine included (7)
6 Both under a misapprehension and on the way down (10)
7 Italian magistrate concealing dead duck (5)
8 Showy scripture lessons cut out (6)
9 Comic character of officer's attendant (6)
14 Bird frisking about around male (10)
17 Tailor starts adversely criticising Sunday clothes, etc. (9)
18 Showing bias against hairless horse? (8)
20 Expressive feature of 'ighly cultured geezer, we hear (7)
21 Entry – in the top twenty perhaps (6)
22 Band with instruments on display (6)
24 Fly across pole using sound reflecting device (5)
26 Hold stock? (4)

Solution to Puzzle No.6,987



WORLD STOCK MARKETS

AUSTRIA — July 17 — Sch. — + or − [illegible]

BELGIUM/LUXEMBOURG — July 17 — Frs. — + or − [illegible]

DENMARK — July 17 — Kr — + or − [illegible]

FINLAND — July 17 — Mks — + or − [illegible]

FRANCE — July 17 — Frs. — + or − [illegible]

FRANCE (continued) — July 17 — Frs. — + or − [illegible]

GERMANY — July 17 — Dm. — + or − [illegible]

GERMANY (continued) — July 17 — Dm. — + or − [illegible]

ITALY — July 17 — Lire — + or − [illegible]

ITALY (continued) — July 17 — Lire — + or − [illegible]

NETHERLANDS — July 17 — Fls. — + or − [illegible]

NORWAY — July 17 — Kroner — + or − [illegible]

SPAIN — July 17 — Pts. % — + or − [illegible]

SWEDEN — July 17 — Kronor — + or − [illegible]

SWITZERLAND — July 17 — Frs. — + or − [illegible]

SOUTH AFRICA — July 17 — Rand — + or − [illegible]

JAPAN — July 17 — Yen — + or − [illegible]

AUSTRALIA — July 17 — Aust.$ — + or − [illegible]

AUSTRALIA (continued) — July 17 — Aust.$ — + or − [illegible]

HONG KONG — July 17 — H.K.$ — + or − [illegible]

SINGAPORE — July 17 — S$ — + or − [illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

Sales Stock High Low Close Chng

TORONTO
2pm prices July 17

Quotations in cents unless marked $.

[illegible]

†—No voting rights or restricted voting rights.

INDICES

NEW YORK — DOW JONES

	July 14	July 13	July 12	July 11	1989 High	1989 Low	Since compilation High	Since compilation Low
◆Industrials	2554.82	2538.32	2532.63	2514.61	2554.82 (14/7)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	93.02	92.91	(u)	92.67	93.02 (14/7)	87.35 (23/3)	—	—
Transport	1210.54	1194.70	1196.31	1203.43	1210.54 (14/7)	959.95 (3/1)	1210.54 (14/7/89)	12.32 (8/7/32)
Utilities	216.86	215.61	215.73	215.73	216.86 (14/7)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

◆Day's High 2563.16 (2553.30) Low 2512.52 (2517.83)

STANDARD AND POOR'S	July 14	July 13	July 12	July 11	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite‡	331.84	329.95	329.81	328.78	331.84 (14/7)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	378.70	376.50	376.24	374.77	378.70 (14/7)	318.66 (3/11)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	31.81	31.64	31.68	31.65	31.81 (14/7)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	185.06	184.31	184.15	183.62	185.86 (14/7)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	368.12	367.64	367.18	366.03	368.12 (14/7)	305.24 (3/1)	368.12 (14/7/89)	29.31 (9/12/72)
NASDAQ OTC Comp	448.90	447.89	446.81	444.50	453.65 (9/6)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	July 7	Jun 30	Jun 23	year ago (approx.)
Dow Industrial Div. Yield	3.63	3.70	3.57	3.55
	July 12	July 5	June 28	year ago (approx.)
S & P Industrial div. yield	2.98	3.06	3.00	3.03
S & P Indl. P/E ratio	13.81	13.47	13.72	14.42

TRADING ACTIVITY †Volume Millions	July 14	July 13	July 12
New York	183.480	153.800	161.462
Amex	11.164	12.620	12.308
OTC	128.852	130.110	147.263

NEW YORK	July 14	July 13	July 12
Issues Traded	1,977	1,977	1,961
Rises	810	789	832
Falls	639	661	603
Unchanged	528	527	526
New Highs	147	137	121
New Lows	10	17	13

CANADA

TORONTO	July 14	July 13	July 12	July 11	1989 High	1989 Low
Metals & Minerals	3371.9	3350.0	3302.6	3279.8	3564.9 (6/2)	3207.5 (3/1)
Composite	3849.3	3842.5	3837.5	3816.8	3849.3 (14/7)	3350.5 (6/1)
MONTREAL Portfolio	1947.06	1939.29	1935.24	1925.78	1948.46 (9/6)	1677.48 (3/1)

	July 17	July 14	July 13	July 12	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1563.3	1558.1	1556.7	1560.6	1583.7 (23/5)	1412.9 (7/4)
All Mining (1/1/80)	715.9	718.2	717.6	724.2	727.0 (26/1)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	349.50	349.47	350.36	349.41	366.67 (21/6)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6081.29	6074.91	6079.53	6099.89	6158.43 (13/6)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	348.07	352.91	354.22	356.65	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	781.4	785.7	785.0	777.4	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	489.6	(c)	487.2	487.9	491.0 (26/6)	417.9 (4/1)
Ind. Tendance (30/12/88)	115.8	(c)	115.3	114.9	115.8 (17/7)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	630.47	630.17	625.81	625.15	630.47 (17/7)	535.78 (27/2)
Commerzbank (1/12/53)	1872.0	1870.9	1861.8	1860.1	1872.0 (17/7)	1595.7 (27/2)
DAX (30/12/87)	1522.99	1530.46	1516.54	1503.93	1530.46 (14/7)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2502.64	2516.11	2498.21	2477.51	3309.64 (15/5)	2093.61 (5/6)
ITALY						
Banca Com. Ital. (1972)	683.39	677.16	673.47	666.32	683.39 (17/7)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	33456.22	33574.77	33631.16	33701.5	34266.75 (31/5)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2499.74	2509.38	2513.97	2516.10	2544.60 (8/5)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl. Rtn. Gen. (End 1983)	253.7	252.9	250.6	249.2	253.7 (17/7)	208.3 (3/1)
CBS All Shr (End 1983)	197.4	196.8	195.1	194.0	197.4 (28/6)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	662.65	668.90	664.91	665.22	668.90 (14/7)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1359.00	1363.50	(c)	1353.73	1363.50 (14/7)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1577.0	1576.0	1585.0	1596.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	2652.0	2655.0	2665.0	2671.0	2671.0 (12/7)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	303.35	304.07	303.96	303.93	315.90 (13/6)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4377.0	4378.8	4391.1	4385.1	4391.1 (13/7)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	751.9	(u)	750.0	751.2	759.5 (5/7)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	521.0	522.7	520.8	522.7 (13/7)	487.6 (13/6)

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia. All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Warner Comms	7,472,000	64⅝	+ 2½	Gen Motors	2,171,300	43½	+ 1½
Am Medical	4,022,700	25½	− ⅛	Exxon	2,103,800	45⅝	+ ⅛
Centerior Energy	3,000,700	18⅜	− ⅛	Union Carbide	1,946,900	28	+ ⅛
AT&T	2,187,100	36⅝	+ ⅛	Paramount	1,881,800	57½	− ⅛
Time	2,179,800	144½	− 5½	Gen Electric	1,754,300	54⅝	+ ⅛

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday July 17 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
MHI	32.6m	1,280	+20	Nippon Shinpan	3.2m	1,530	-10
Nippon Steel	17.1m	670	+9	Kawasaki Steel	2.9m	930	-5
NKK	7.4m	804	-28	Kobe Steel	2.7m	814	+6
KHI	6.9m	1,200	+10	Meico	2.3m	1,150	-10
Toshiba	3.9m	1,360	-20	Sumitomo Metal	2.2m	814	-6

3pm prices July 17

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
32½	21⅛	AAR	.44	1.4	21	931	32	31½	31⅞	+⅛
10⅞	8⅛	ACM n	1.01	11.		186	9½	9¼	9⅜	
11⅜	10¼	ACMIn	1.26a	11.		262	11½	11⅜	11⅜	
10⅞	8½	ACM M	n1.01	11.		170	9⅜	9¼	9¼	
11½	10	ACM Sc	1.26	11.		524	11⅜	11¼	11⅜	
9⅜	8⅜	ACMSp	1.01	11.		357	9¼	9⅛	9⅛	
17¼	10⅞	AL Lab	.12	.7	18	51	16⅝	16½	16⅝	+⅛
4⅛	3⅛	AMCA	.12e	3.1	29	10	3⅞	3⅞	3⅞	−⅛
6⅛	4½	AM Intl				2324	5½	5⅜	5½	+⅛
23½	20½	AM In pf	2	9.2		43	21⅝	21⅝	21⅝	−⅛
66½	40⅝	AMR			8	5494	65⅞	63⅝	65¼	+1⅝
8⅝	3⅜	ARX				49	4⅝	4½	4½	
43½	35¼	ASA	3a	7.1		163	42½	42¼	42⅜	+⅛
22⅞	15¼	AVX	.24	1.2	9	246	20	19⅝	20	+½
61⅝	43⅜	AbtLab	1.40	2.3	17	2410	u61⅞	61¼	61⅞	+⅝
18¼	14	AbitIbi g	1			669	14⅜	14⅜	14⅜	−⅜
13	7½	AcmeC	.40	3.4		E	11⅞	11⅞	11⅞	
8⅜	5⅞	AcmeE	.32	3.8	20	38	u 8⅝	8½	8½	+⅛
34¾	20¼	Acusn			25	134	31½	31⅜	31½	
16⅞	14¼	AdaEx	1.82e	11.		184	16	15¾	15⅞	+⅛
14⅝	7⅞	AMD				765	9½	9¼	9⅜	
39⅞	28⅞	AMD pf	3	9.5		39	31½	31⅜	31½	
11⅞	8½	Adobe				290	11⅜	11¼	11¼	+⅛
19⅜	16½	Adob pf	1.84	9.7		1	19	19	19	
21¼	19⅝	Adob pf	2.40	11.		12	21¼	21¼	21¼	
9¾	6⅝	Advest	.12	1.7	16	40	7	6⅞	6⅞	−⅛
58⅞	43½	AetnLf	2.76	4.8	9	718	58¼	57⅞	58	−¼
14	12⅜	AlliPo				1654	13	12⅞	13	+⅛
23⅛	14⅝	Ahmans	.88	3.9	11	676	22⅝	22⅜	22⅝	+⅛
4⅝	2¼	Aileen				35	2⅝	2⅝	2⅝	−⅛
50½	37¼	AirPrd	1.32	3.1	11	583	42½	42	42½	+½
29½	15½	AirbFrt	.60	2.0	27	180	u29⅞	29⅜	29½	+¼
24½	13⅜	Airgas			13	152	21⅞	21⅝	21⅞	+⅜
20½	17⅞	Airlease	2.40	12.	9	36	20⅜	20¼	20¼	−⅛
10	8½	AlaP dpf	.87	8.9		42	9¾	9⅝	9¾	−⅛
96¾	88¼	AlaP pf	9	9.6		z100	93¼	93⅜	93¼	−1
85¼	79½	AlaP pf	8.28	9.8		z150	84½	84¼	84¼	−⅛
30	17⅜	AlskAir	.20	.7	10	357	28⅞	28⅞	28⅞	+⅛
22⅛	14⅝	Albnyln	.30	1.5	13	224	20½	20¼	20⅜	+⅛
47⅜	30½	Alberto	.36	.8	21	25	43⅞	43⅜	43⅝	−⅝
37⅞	23	AlbCulA	.36	1.0	17	56	35	34⅝	34⅝	−⅝
50¼	30	Albtsn	.80	1.6	19	306	50⅛	49½	49⅞	−⅛
24	18⅛	Alcan s	1.12	5.0	5	5220	22½	22⅛	22¼	−¼
33⅜	23	AlcoStd	.76	2.4	13	535	32¼	31⅞	32⅛	−⅜
28⅝	21⅜	AlexAlz	1	3.8	16	182	26¾	26⅛	26¼	−½
77	50¼	Alexdr			29	3	62⅞	62¼	62⅞	+⅛
97	69½	AllegCp	1.63t	1.7	13	167	96	95½	95½	−½
3½	1	vjAlgInt				25	1⅛	1⅛	1⅛	−⅛
22⅝	4	vjAlI pfC				35	5	5	5	−¼
41⅝	24⅞	AlgLud	1a	2.9	6	55	34	33⅛	34	+1
39⅛	35⅝	AllgPw	3.08	7.9	10	729	39⅛	39	39	
16⅞	11⅜	AllenG			13	250	12	11½	11⅜	−⅜
19⅞	13½	Allen pf	1.75	11.		16	16	15⅝	15⅞	−⅛
25¼	20⅞	Alrgn wi				2430	24⅛	24	24⅛	+⅛
18¼	9⅝	AlnCap	n1.40	11.	21	214	13⅛	12⅞	12⅞	
27⅞	13⅞	AlldPd			14	418	19	18⅛	18⅛	−⅛
36⅛	31⅝	AldSgnl	1.80	5.2	11	1142	34⅜	33⅞	34⅜	−⅛
10⅞	9⅜	AlstMu	.78a	7.3		166	10⅝	10⅝	10⅝	
10⅛	9¼	AlsMll	.73	7.3		296	10⅛	9⅞	10	
11¼	9¾	AlsMO n	.84	7.8		81	10⅞	10¾	10¾	
10½	10	AMOll n				69	10⅝	10½	10⅝	−⅛
10	9	AlsMP n	.69	7.3		227	9⅝	9½	9½	
33⅞	21½	ALTEL c			16	372	33¼	32⅞	33⅛	−⅛
69¼	47½	Alcoa	1.60a	2.4	8	4740	68¼	67⅜	67⅞	−¼
19	10⅝	AmaxG	.08	.6	20	77	13½	13⅜	13⅜	+⅛
27¼	19⅜	Amax	.80	3.2	8	2595	25⅛	24⅞	25⅛	
14⅝	10½	AmBas	.20	1.4	5	195	13⅞	13¾	13⅞	
14⅝	11⅛	Amcast	.48	4.0	11	59	12¼	12⅛	12⅛	−⅛
15⅝	9⅛	Amdura			3	66	13⅛	13⅛	13⅛	−⅛
27¼	20¼	Amdur pf	1.95	7.9		30	24⅝	24⅝	24⅝	−⅛
41⅞	25⅞	AmHes	.60	1.5	12	1852	40⅛	40	40⅛	−⅜
28⅝	14¾	ABarck	.15			619	26½	26¼	26⅜	+⅛
73¼	44¼	AmBrnd	2.44	3.4	12	1904	72⅞	71½	72	+¼
30⅝	26⅝	ABrd pf	2.75	9.3		9	29⅞	29½	29⅝	+⅛
39¾	24⅞	ABldM	.92	2.6	17	30	34⅝	34⅝	34⅝	+⅛
26	18½	ABusP s			13	2	24½	24½	24½	
22⅛	19⅛	ACapBd	2.20a	10.		27	21⅛	21⅛	21⅛	−⅛

Continued on Page 41

NYSE COMPOSITE PRICES

Continued from previous Page

[illegible]

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
48⅞	45⅝	Xerox pf				10	45¾	45⅝	45¾	+⅛
48¾	44½	Xerox pf4.13		8.9		2	46⅛	45¾	45¾	
44¼	28⅝	XTRA	.72	2.3	18	82	30⅞	30½	30⅞	+⅛
33	24½	XTRA pf1.94		7.4		5	26⅛	26⅛	26⅛	−⅛
3½	2	Zapata				548	3⅛	3⅛	3⅛	+⅛
15½	10½	Zemex	.40	3.3	136	7	12¼	12⅛	12¼	+⅛
25⅜	18½	ZenithE			919	355	18½	18⅛	18⅜	+⅛
10⅝	8⅞	Zenlac	1.26	13.		80	9⅝	9½	9½	−⅛
2¾	1⅛	vjZenLb				157	1⅛	1⅛	1⅛	−⅛
21¼	15	ZeroRB	.84	4.3	9	25	19⅞	19½	19⅞	+⅛
22	14⅞	Zero	.44	2.0	17	236	21⅞	21¼	21⅞	+½
41	21	Zurnin	.69	1.7	21	725	40⅞	40⅛	40⅝	−⅛
11⅝	10	Zweig	1.09e	9.5		254	11½	11⅜	11½	
10⅛	8⅞	Zweig n	.96	10.		785	9⅝	9⅝	9⅝	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices July 17

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 3pm prices July 17

[illegible]

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
US Bcp	1	10	199	33⅞	33⅛	33⅞	
US HltC	.20	159	5035	13	12	12⅞	+⅝
US Inc			36	6	5⅞	5⅞	
US Trst	1.52	12	39	39¼	38¾	38¾	−½
USWNV			420	40⅛	39½	40	+¼
UStatn	.40	12	178	21½	21	21½	
UnTelev		46	729	u37⅞	35½	37¼	+2½
UnvHlt		22	305	10½	10⅛	10⅜	+⅛
− V − V −							
V Band			258	7⅝	7⅜	7⅜	−⅛
VLSI			136	8	7¼	7⅜	−⅛
VMS SL2		6	32	7⅝	7½	7⅝	
VSB Bc	.40		40	12½	12½	12½	−⅛
ValidLg		15	4656	5	4 11-16	4⅞	+⅛
ValyB	1.04	10	27	23½	23¼	23½	
ValFSL			28	10¼	10	10	−⅛
ValNtl	1.44	7	571	26⅝	26⅛	26½	+⅛
Valmnt s	.40	10	658	31	30⅛	30⅛	−½
VgrdCl s			456	34½	33½	33¾	−¼
Varitrn		8	860	11	10⅞	11	
Varian	.60	12	265	26⅞	26	26½	−¼
Varonr g			124	4¼	4 1-16	4⅛	
Vicorp			105	16⅞	16⅝	16⅝	−⅛
Vipont		14	569	8⅜	d 8	8	−½
Viratek			120	12¾	12¼	12½	
Vitalnk		20	116	17¾	17⅝	17⅝	
Volvo	1.84e	8	23	71⅝	71⅛	71⅛	−⅛
− W − W −							
WD 40	1.60a	16	119	32½	32	32	
WTD		9	775	12¾	12	12½	+¼
WashEn	1.32	14	109	19	18¾	19	+¼
WFSL	1.20	10	550	u37½	37	37¼	
WshFOr	.30	9	3	9¾	9¾	9¾	−¼
WMSB	.40	9	664	21	20½	20⅝	−¼
Wattsind	.16	18	167	32¾	32½	32½	
WausP	.60b	10	107	38¾	38	38¾	+⅝
Waver	.38	124	8	31	31	31	
Weltek		22	101	13¾	13½	13¾	
Werner	.08a	13	198	18¾	18	18⅜	+⅛
WstOne	1.20		13	38¼	37½	38¼	+¾
WstCap			80	10⅜	10⅛	10¼	
WnWyste		17	24	21¼	20½	20¾	−¼
WMicTc		5	2	6	6	6	
WstnPb		16	2141	21¼	21	21¼	+⅛
WMrcA			17	29	29	29	
Wstmrk		34	184	39	38¼	39	+½
WmorC		20	41	22	21½	22	
Weston		19	827	11⅞	11⅝	11¾	−⅛
WctwOn			504	11¾	11¼	11½	−¼
Wettra	.58	16	897	u30⅞	29¼	30	+⅜
Whelbrt		38	2068	8	7⅛	7⅞	−⅛
WhelTch		25	329	28⅝	28	28⅜	−¼
Whlclub		24	67	12¼	12	12	−¼
WllyJ A	1.10	62	8	58½	58½	58½	
Willamt	1.45	7	831	45	44½	44½	+⅜
WilmTr	1.24	13	178	u47	40	41	+¼
WiserO	.40	52	65	16¾	16½	16¾	
Wolohn	.28	8	8	17⅝	17¼	17¼	
WIvEx h			5278	6⅛	6⅝	6⅞	+⅜
Worthg	.48	14	572	22⅝	22⅛	22⅛	−⅛
Wyman	.60	70	253	19	18½	19	+¼
− X − Y − Z −							
XL Dta s		18	122	22⅛	21¾	21¾	−¼
XOMA			521	18¼	17⅞	18	
Xicor		9	942	6¾	6⅛	6⅛	−⅛
YelowF	.70	11	501	28⅞	28	28⅜	−⅜
ZionUt	1.44		40	25¾	25	25	−⅜
Zycad			104	3	2⅞	2⅞	−⅛

AMERICA

Dow ignores corporate news in sluggish trading

Wall Street

IN SPITE OF a number of earnings announcements, new bids and takeover speculation, the equity market yesterday morning traded within a fairly narrow range in sluggish volume, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average stood 0.57 points lower at 2,554.25, representing a recovery from morning lows when the index had stood about 10 points lower. By midsession, around 75m shares had changed hands, evidence of much slower trading activity than on Friday when more than 183m shares were dealt.

A day of consolidation and caution was to be expected after last week's substantial gains and post-crash highs on Wednesday, Thursday and Friday for the Dow Jones. Friday's gain of 16.50 points was the ninth consecutive daily rise for the Dow Jones index. Yesterday morning saw some inevitable profit-taking but the Dow showed the same ability to bounce back yesterday as it did on Friday when the index recovered from a 20 point loss.

Part of the reason why trading was very quiet yesterday was that the market was waiting for this week's economic data, notably today's May trade figures and tomorrow's June consumer prices release.

The May trade deficit is forecast at around $9bn compared with the $8.3bn shortfall in April, while the CPI is expected to have risen 0.4 per cent compared with the gain of 0.6 per cent in May.

Yesterday, the focus was on several corporate earnings announcements and some new takeover bids.

Among featured issues yesterday was Cummins Engine which fell $5⅝ to $58⅞ after the company said that the Miller family had bought the 9.8 per cent owned by Britain's Hanson for $72m. At the same time, B.F. Goodrich rose $2⅛ to $60⅞ on speculation that Hanson may be interested in acquiring the company.

Eljer Industries, the manufacturer of plumbing and building products, jumped $5⅞ to $34 on news of a $32.50 a share offer for the company from Nortek. Eljer's chairman said that he would urge rejection of the bid. Nortek edged $⅛ higher to $8⅛.

United Television added $2⅞ to $37⅞ in over-the-counter trading as investors responded to a report in Barron's Magazine which said that the stock was undervalued, based on the company's substantial holdings in Warner Communications.

Marion Laboratories rose $2¾ to $27⅞ before trading was suspended on news that the company had reached an agreement in principle with a subsidiary of Dow Chemical in which Dow would begin a tender offer for about 39 per cent of Marion's common stock at $38 a share. After a further issue of new shares to Dow, Dow Chemical would finally hold around 67 per cent of Marion's outstanding shares. Dow fell $⅞ to $89⅞.

A number of companies reported quarterly results yesterday. NCR added $⅞ to $54⅞ after reporting second quarter net of $1.42 per share compared with $1.36 a share a year ago.

General Electric slipped $⅛ to $54⅞ despite a 16.4 per cent jump in net earnings in the second quarter.

Security Pacific, the California-based commercial bank, added $⅞ to $50⅞ after reporting net earnings in the second quarter of $1.58 a share compared with $1.36 a year earlier.

Charles Schwab, the discount broker, announced net income of 15 cents a share in the second quarter compared with 8 cents a share a year earlier reflecting a 20 per cent rise in commissions as activity in securities markets by individual investors has picked up.

Canada

IN HESITANT trading before today's announcement of US trade figures and tomorrow's release of inflation data, Toronto stocks recovered to register gains by midday after an earlier fall.

The composite index rose 5.6 to 3,854.8 at midsession, with advances leading declines by 219 to 209 on volume of 8.4m shares.

EUROPE

Milan advances further as rest of bourses end mixed

VOLUME of trading was at best moderate in Europe yesterday as share prices closed mixed, with only Milan performing strongly, *writes Our Markets Staff.*

MILAN added to its string of highs for the year, with share prices rising for an eighth consecutive session. The Comit index gained 6.23 to 683.39.

Olivetti, ex a L340 dividend, fell L404 to L9,595 after the weekend's news that the electronics company planned to raise L1.2 trillion (million million) in capital. Also at the weekend, AT&T of the US said it had exchanged its 22.35 per cent stake in Olivetti for an 18 per cent stake in CIR, the industrial holding company of Mr Carlo De Benedetti. CIR, which also announced a plan to raise L300bn in capital, edged up L10 to L6,280.

FRANKFURT fell back in the last three-quarters of an hour of trading as profit-taking gathered pace, after share prices had begun the day in firm fashion. There was little corporate news to affect trading.

The market had been expected to be stronger, said one salesman, adding: "I expect it cost a few people a lot of money today."

Confidence, initially high after Wall Street's good performances last week, began to falter as investors took profits. "Everybody was long and started to sell, and so it snowballed," said the salesman. He explained, however, that the undertone remained firm and that, although the market might drift for a day or two, it should soon pick up again.

The DAX index lost 7.47 to *its day's low of 1,522.99, after* reaching 1,537.80 earlier. The FAZ index, which reflects mid-session trade, rose 0.3 to 630.47, another post-crash high.

Turnover of DM5.19bn was down on Friday's heavy DM8.95bn.

The recent pattern of sector-by-sector rotational buying favoured cars yesterday, with BMW reaching a high of DM605 before closing at DM595, up DM8, *in busy trading. Daimler,* also active, closed DM9 higher at DM718.50 after reaching DM725 earlier.

PARIS firmed in a quiet session, after a day off for the Bastille Day celebrations last Friday. The CAC General index, based on opening prices, rose 2.4 to 489.6, a shade below its record high of 491.0 set on June 26.

Activity and price movements were exaggerated by low volume. Amid all the carnival atmosphere, Pernod and BSN continued their progress from last week, helped by expectations of strong summer drinks sales because of the hot weather across much of Europe. Pernod added FFr20 to FFr1,430 and BSN closed FFr9 higher at FFr718.

Elsewhere, engineering group Schneider was another notable riser, gaining FFr7 to FFr750. The stock had underperformed in recent weeks.

Prices initially rose on the back of Wall Street's third consecutive post-crash high on Friday. Some profit-taking later emerged, but there was no clear pattern to the activity. The OMF 50 rose 1.80 to 502.46 and the CAC 40 gained 11.24 to 1,766.42.

AMSTERDAM closed higher in quiet trading, but there was thin turnover in many stocks before today's US trade data.

A relatively firm dollar yesterday gave support to the globally traded multinational stocks, which led the bourse's main indicator, the CBS tendency index, up 0.6 to 197.4. Royal Dutch was actively traded, closing 90 cents higher at Fl 141.60.

One analyst said that, on a day of no surprises, the main feature was Unilever; the latter rose Fl 1.80 to Fl 148.40, *influenced by the bid for BAT Industries and its own Fabergé* and Elizabeth Arden acquisitions.

MADRID closed lower after last week's gains, the general index shading 0.72 of a point to 303.35, as caution set in. Shares were also affected by Friday's inflation figure, which climbed to 0.6 per cent in June.

ZURICH finished barely changed in moderate trading, with the Crédit Suisse index up 0.1 at 620.3.

Participation certificates of Hoffmann-La Roche, the pharmaceuticals concern, gained SFr550 to SFr18,450 after Friday's news that parent company Roche Holdings expected higher group profits. Roche Holdings found SFr250 to SFr34,500.

STOCKHOLM trading was slack as the holiday season finally started to affect a market which has been unusually active so far this month. Turnover reached only SKr116m.

BRUSSELS closed mainly mixed in moderate trading, with many investors on holiday.

Gechem, the chemicals subsidiary of holding company Société Générale de Belgique, attracted attention after news that it had sold its defence subsidiary, PRB, to Britain's Astra Holdings. Its stock closed up BFr30, or 2.9 per cent, at *BFr1,050 as 22,200 shares* changed hands.

OSLO eased on profit-taking board in moderate trade.

Hong Kong charges forward with the bulls

MARKETS IN PERSPECTIVE

	% change in local currency †				% change in sterling †
	1 Week	4 Weeks	1 Year	Start of 1989	Start of 1989
Austria	−0.57	−2.74	+48.09	+38.32	+45.71
Belgium	+0.36	−1.69	+17.23	+4.07	+9.60
Denmark	+2.46	+6.63	+78.52	+35.90	+41.68
Finland	−0.50	−2.89	+7.05	+11.52	+21.98
France	+1.78	+2.45	+37.67	+15.32	+21.40
West Germany	+0.93	+3.40	+25.90	+14.34	+19.63
Ireland	+3.45	+3.36	+5.26	+16.25	+22.00
Italy	+4.00	+5.59	+31.07	+13.14	+20.07
Netherlands	+1.98	+0.73	+22.19	+18.09	+23.74
Norway	+4.06	+8.85	+86.85	+47.79	+56.22
Spain	+0.57	−3.11	−1.02	+7.68	+14.62
Sweden	+2.73	+5.53	+53.51	+29.35	+37.21
Switzerland	+1.50	+4.21	+13.49	+18.19	+21.14
UK	+3.65	+5.50	+20.96	+25.52	+25.52
EUROPE	+2.53	+3.79	+23.59	+19.68	+22.89
Australia	+1.87	+2.30	+1.87	+5.29	+4.90
Hong Kong	+6.18	+6.78	+6.18	−6.69	+4.75
Japan	+0.18	+2.75	+0.18	+5.58	+5.45
Malaysia	+1.22	+4.49	+1.22	+31.08	+48.43
New Zealand	+1.12	+0.72	+1.12	+8.06	+9.91
Singapore	+4.32	+5.60	+4.32	+36.23	+51.90
Canada	+1.58	+3.13	+1.58	+14.98	+29.20
USA	+2.09	+2.94	+2.09	+19.41	+34.00
Mexico	+2.27	+8.17	+2.27	+79.76	+84.04
South Africa	−2.06	+4.69	−2.06	+33.52	+46.39
WORLD INDEX	+1.38	+3.07	+1.38	+12.92	+18.16

† Based on July 14th 1989
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By Jacqueline Moore

ANOTHER bullish few days for world equities saw all but three stock markets rise last week, with most advancing by more than 1 per cent, according to the FT-Actuaries World Indices.

Hong Kong led the gains, shooting up by more than 6 per cent as confidence and foreign money continued to flood back to the colony after its plunge last month during the China crisis. The market, which was also encouraged by an interest rate cut, is now only 6.7 per cent down on the start of the year, after being more than 17 per cent lower at the end of June.

The strength of Hong Kong was an encouraging influence on Singapore, which rose 4.3 per cent to become the week's second best performer. The market reached its highest level since the October 1987 crash at the start of the week and proceeded to improve on that level in each successive trading session.

Elsewhere in the Asia Pacific region, Malaysia, Australia and New Zealand also rose strongly. Japan, however, trailed them all, with one of the poorest rises of the week of 0.2 per cent.

Tokyo was restricted by a trading volume that shrank to a mere trickle of 330m shares on Friday, compared with a daily volume of 1.5bn in February this year. The main factor behind Japan's sluggishness last week seemed to be nervousness among investors before the forthcoming elections to the Upper House.

Of the world's other leading markets, the US and the UK both made impressive showings, rising 2.1 and 3.7 per cent respectively.

The US had its gaze firmly fixed on its own economy and, in spite of investors' cautiousness about interest rates, the Dow Jones Industrial Average hit post-crash peaks on three days in a row, taking its run of advances to nine consecutive sessions.

In Europe, the best improvement over the week was by Norway, the world's second best performer this year after Mexico. Foreign demand and a strong *shipping* sector helped it gain 4.1 per cent over the week, with its all-share index reaching record highs.

Italy *followed* close on Norwegian heels, rising 4 per cent to become the world's fourth best performer of the week. The market, buoyed by a surging banking sector, saw its stock index reach a series of highs for the year.

Olivetti added a touch of speculative interest in Milan, as investors wondered what AT&T of the US would decide to do with its stake in the Italian electronics company.

Elsewhere on the Continent, all but the small Austrian and Finnish bourses made improvements, enabling the Europe index to move up a firm 2.5 per cent.

The only market to decline sharply was South Africa, which fell 2.1 per cent. A depressed bullion price helped to undermine gold shares in Johannesburg in a very dull week's trading.

The overall World index rose 1.4 per cent, building on its previous week's 2 per cent advance and taking its gain so far this year to 12.9 per cent.

ASIA PACIFIC

Volume shrinks to lowest level for the year

Tokyo

THE PROSPECT of national elections at the end of the week, which could challenge the majority of the ruling party in Japan, encouraged investors to play it safe. They deserted the market yesterday and volume dropped to its lowest level for the year, *writes Michiyo Nakamoto in Tokyo.*

The latest joke in Kabutocho, Tokyo's Wall Street, is that even though the rainy season is not over yet, the market has already gone on summer holiday. The Nikkei average headed downward in early trading. It remained down for most of the day and closed 118.55 lower at 33,456.22.

The day's high was at 33,593.63 while the low was at 33,414.68. Declines outnumbered advances by 566 to 262 while 243 issues closed unchanged. Volume, at 268m shares, was the lowest this year, slipping from the 330m traded on Friday.

The Topix index of all listed shares lost 9.64 to 2,499.74. The ISE/Nikkei 50 index eased 0.04 to 1,990.42 in London trading.

Mr Mitsuru Maehara at Jardine Fleming said the Tokyo market had not seen such a low volume in quite some time. The clear lack of interest was the direct result of uncertainty building up before the elections to the Upper House of the Diet (Parliament) on Sunday.

Election forecasts are looking grim for the ruling Liberal Democratic Party (LDP), due to the unpopularity of a consumption tax, anger over the Recruit scandal and over liberalisation of some farm products.

Dealers once again actively promoted large volume issues in a desperate attempt to generate activity. Cross trading was seen in a substantial amount of Mitsubishi Heavy Industry shares by a leading broker. Mitsubishi topped the volumes list with 32.6m shares but after rising Y30 to Y1,270 closed Y20 higher at Y1,260. Nippon Steel followed with 17.1m shares, up Y9 to Y870.

Inageya and Nagasakiya, two *retailers whose shares have* been bought up by Shuwa, a real estate company, traded for the first time since Shuwa *emerged as a major share*holder earlier this month. Inageya lost Y20 to YY3,540 while Nagasakiya dropped Y120 to Y3,820.

Chujitsuya, another retailer in which Shuwa became a major shareholder, did not trade.

Osaka suffered from lack of interest and the OSE average dipped 81.76 to 32,860.01 on low volume of 21m shares.

Roundup

IT WAS a quiet day in the Asia Pacific region, with mostly small share price movements in the leading markets.

AUSTRALIA saw industrial issues firm on Wall Street's performance last Friday, while gold and mining stocks slipped on another fall in the gold price. The All Ordinaries index firmed 5.2 to 1,563.3.

Trade was quiet before Australia's June balance of payments data, due today.

Bond Corp rose 4 cents to 60 cents. The Australian Stock Exchange said yesterday that it had cut the maximum number of shares in Bond that can be short-sold to 15.9m from 27.2m, effective immediately.

HONG KONG turnover was depressed by Typhoon Gordon, expected to hit the colony early *this morning, and slipped to* HK$802m from HK$991m last Friday. The Hang Seng index eased 13.47 points to 2,502.64.

While foreign interest was said to be slowing, US buying was one reason advanced for the strong showing of Hongkong Telecom, up 7½ cents to HK$4.95; and rumours of bids and deals in the hotels sector left Associated Hotels up 10 cents at HK$2.62½.

SINGAPORE share prices slipped a little, on profit-taking in an active market.

TAIWAN continued to make *a technical* rebound as worries eased over the Government's investigation of illegal solicitation of funds by investment houses.

SOUTH AFRICA

A WEAK bullion price did not hold back gold shares in Johannesburg, which closed firmer yesterday as the financial fell steeply.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JULY 14 1989						THURSDAY JULY 13 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (86)	135.06	−0.1	124.22	118.53	−0.3	5.03	135.25	123.47	118.92	157.12	128.28	145.31
Austria (19)	124.57	−0.7	114.57	122.59	+0.0	1.98	125.47	114.55	122.65	127.70	92.84	84.98
Belgium (63)	131.94	−0.9	121.35	129.50	−0.1	4.22	133.20	121.60	129.59	137.10	125.58	112.98
Canada (124)	144.53	+0.3	132.93	124.75	+0.2	3.22	144.13	131.58	124.51	144.53	124.67	127.31
Denmark (36)	215.11	−1.4	197.84	216.06	−0.4	1.46	218.21	199.21	216.88	219.89	165.35	124.42
Finland (26)	142.26	−2.2	130.84	127.50	−1.4	1.64	145.42	132.76	129.28	159.16	125.81	128.33
France (126)	124.44	−1.1	114.46	126.06	+0.0	3.01	125.86	114.90	126.06	125.95	112.57	92.29
West Germany (100)	93.75	−0.4	86.23	92.75	+0.7	2.19	94.09	85.90	92.06	95.32	79.56	75.54
Hong Kong (49)	104.36	+0.4	95.98	104.57	+0.4	5.12	103.91	94.86	104.11	140.33	86.41	111.06
Ireland (17)	143.26	+0.1	131.76	143.47	+1.3	2.94	143.11	130.65	141.61	151.36	125.00	138.43
Italy (97)	91.08	−0.4	83.77	93.94	+0.7	2.37	91.46	83.50	93.31	91.46	74.97	69.04
Japan (455)	179.95	−0.9	165.51	159.76	−0.1	0.50	181.58	165.76	160.00	200.11	164.22	160.59
Malaysia (36)	189.80	+0.3	174.57	196.24	+0.4	2.44	189.30	172.82	195.60	189.80	143.35	150.83
Mexico (13)	265.39	−0.7	244.09	727.59	−0.7	0.69	267.37	244.09	732.73	277.40	153.32	160.47
Netherland (43)	123.94	−0.2	113.99	121.33	+0.9	4.26	124.16	113.35	120.19	124.16	110.63	102.94
New Zealand (22)	66.20	+0.0	60.89	61.57	−0.5	6.05	66.21	60.44	61.89	76.02	62.64	77.96
Norway (25)	193.40	−0.5	177.87	182.97	+0.2	1.40	194.39	177.46	182.58	198.39	139.92	118.42
Singapore (26)	169.33	+1.6	155.74	152.67	+1.8	1.82	166.61	152.10	149.99	169.33	124.57	128.35
South Africa (60)	152.42	−0.6	140.18	131.17	−0.4	4.08	153.27	139.92	131.65	153.27	115.35	125.90
Spain (43)	151.56	−1.2	139.39	137.15	+0.0	3.74	153.46	140.10	137.13	156.17	143.14	147.26
Sweden (35)	176.81	−0.4	162.61	169.61	+0.2	2.03	177.49	162.03	169.28	177.49	138.45	115.94
Switzerland (57)	84.29	−1.4	77.52	85.96	+0.1	2.23	85.53	78.08	85.84	86.05	67.81	78.59
United Kingdom (312)	151.35	−0.1	139.20	139.20	+0.7	4.22	151.43	138.25	138.25	153.33	133.28	129.13
USA (555)	135.15	+0.5	124.30	135.15	+0.5	3.33	134.51	122.79	134.51	135.15	112.13	110.94
Europe (1001)	125.61	−0.4	115.52	120.31	+0.5	3.43	126.17	115.18	119.69	126.24	112.63	103.76
Nordic (122)	172.64	−0.9	158.78	161.67	−0.2	1.72	174.29	159.11	161.93	174.42	137.95	111.32
Pacific Basin (674)	175.40	−0.8	161.32	156.10	−0.1	0.73	176.88	161.47	156.31	194.72	160.44	157.95
Euro−Pacific (1675)	155.59	−0.7	143.10	141.72	+0.1	1.62	156.70	143.05	141.60	164.22	141.56	136.29
North America (679)	135.62	+0.5	124.73	134.52	+0.5	3.32	134.99	123.23	133.90	135.62	112.79	111.81
Europe Ex. UK (689)	109.39	−0.7	100.61	108.66	+0.4	2.81	110.21	100.61	108.24	110.42	96.30	87.98
Pacific Ex. Japan (219)	120.84	+0.2	111.14	110.34	+0.1	4.74	120.81	110.11	110.25	137.65	111.93	126.19
World Ex. US (1872)	155.24	−0.7	142.78	141.26	+0.1	1.69	156.30	142.69	141.15	162.77	141.49	135.91
World Ex. UK (2115)	146.62	−0.3	134.85	139.16	+0.2	2.03	147.10	134.29	138.93	147.10	136.98	125.92
World Ex. So. Af. (2367)	147.00	−0.3	135.20	139.20	+0.2	2.22	147.44	134.60	138.90	147.44	136.67	126.19
World Ex. Japan (1972)	131.55	+0.1	120.99	128.71	+0.5	3.42	131.40	119.95	128.12	131.55	114.51	109.72
The World Index (2427)	147.03	−0.3	135.23	139.14	+0.2	2.23	147.47	134.63	138.85	147.47	136.68	126.19

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Latest prices were unavailable for this edition.French market closed July 14.
Constituent changes 17/7/89: The market capitalisations of Pohjola and Sampo (both Finland) have been reduced to reflect a 40% restriction on foreign ownership of shares.Delete:Gateway (UK).